

# LIFELINE NATIONAL VERIFIER PLAN

JULY 2017



Universal Service  
Administrative Co.

# Overview of the National Verifier Plan

**This document is the National Verifier Plan (the "NV Plan") and was created in response to the Lifeline Reform and Modernization Order (the "Modernization Order") adopted by the Federal Communications Commission (FCC) in March 2016.<sup>1</sup>**

- The National Verifier Plan contains a section detailing each of ten key components, as well as an introduction (at the beginning), and a glossary of terms (at the end).
- The National Verifier Plan has been approved by the Wireline Competition Bureau and the Office of the Managing Director at the FCC.

**The Modernization Order requires that USAC provide updates on progress every 6 months during the implementation of the National Verifier. Further, USAC will continue to provide updates on the NV implementation at [www.lifelinenationalverifier.org](http://www.lifelinenationalverifier.org).**

- Interested members of the public are always welcome to provide comments on the NV Plan to USAC by visiting the NV website at [www.lifelinenationalverifier.org](http://www.lifelinenationalverifier.org).
- Comments can also be submitted via email at [LifelineProgram@usac.org](mailto:LifelineProgram@usac.org); however, USAC recommends that stakeholders use the functionality on the NV website.

1. The Modernization Order can be found on the FCC's website: [https://apps.fcc.gov/edocs\\_public/attachmatch/FCC-16-38A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-38A1.pdf)

# The NV Plan was updated in July 2017 to reflect progress of the system build and its related processes

**As of July 2017, system development of the National Verifier is about halfway complete.**

**In the spirit of an agile software development approach, USAC has adjusted processes and technical requirements along the way to deliver an effective product.**

- USAC places a high value on feedback from stakeholders and therefore has adjusted its approach in some cases to align with that feedback.
- USAC will gather and incorporate stakeholder feedback as appropriate during the project implementation phase and continually thereafter.

**The July 2017 update reflects these changes as well as overall project progress.**

# We will continue to update the NV Plan as processes are confirmed and functionality is built

**As functionality is being built and tested over the next six months, additional changes to the plan are likely to occur**

- The next NV plan update, in January 2018, will communicate the confirmed functionality and processes as of the initial launch in December.
- As such, readers should use this document as a guidepost to become informed on the components of the project.
- More detailed content, geared toward specific stakeholder groups, is being communicated regularly through <http://www.lifelineationalverifier.org>, [newsletters](#), [webinars](#), etc. A targeted training plan will be executed in October and November to ensure all stakeholders are prepared for the National Verifier's initial launch in December.
- An FAQ was added to this July 2017 update to address common questions that have arisen from stakeholders over the course of the project.

**Slides that have been updated have a flag in the top right corner. In addition, any new or modified text is colored blue (as seen here).**

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# Background: The FCC has charged USAC to develop and implement the National Verifier to determine Lifeline eligibility

In March 2016, the Federal Communications Commission (FCC) adopted the Lifeline Reform and Modernization Order (Modernization Order), further updating the Lifeline program to, among other things, streamline eligibility verification for enrollment and recertification.

Currently, applicants' eligibility can be verified through one of several methods by a service provider or a state administrator. The FCC has recognized that this system can be complex, burdensome, and leaves open the potential for waste, fraud, and abuse.

As a result, the Modernization Order mandated the creation of a National Verifier (NV) to standardize eligibility verification across all states and territories and to perform the following functions:

- Create the Lifeline Eligibility Database (LED), which will be connected to state and federal data sources,<sup>1</sup> to determine eligibility for both-initial enrollment, and annual recertification;
- Allow Service Providers, consumers, and state, territory, or tribal government users to check eligibility or enrollment status; and
- Calculate payments to service providers based on data available through National Verifier.

The Modernization Order tasked USAC, in consultation with the FCC, with developing and implementing the National Verifier in phases from the end of 2017 through the end of 2019.<sup>2</sup>

Please note that this plan will be a living document. It will be updated every six months and progress reports will be submitted to the FCC as required by the Modernization Order.

1. Data sources of qualifying eligibility programs (e.g., Medicaid)  
2. [As the National Verifier will not deploy until December 2017, USAC is currently implementing a number of program integrity initiatives to remediate issues from recent audit findings and address requests from the FCC Chairman. The Chairman requested specific safeguards in a letter to USAC dated July 11, 2017.](#)



# In the 2016 Modernization Order, the FCC identified three main goals for the National Verifier

1

## Stronger Program Integrity



- Independent eligibility verification, with more automatic checks, conducted directly by USAC to reduce waste, fraud, and abuse
- Single eligibility system to audit and report on potential fraud metrics
- Streamlined, consistent processes to distinguish mistakes from waste, fraud, and abuse

2

## Reduced Complexity



- Streamlined access to eligibility information for Service Providers
- States relieved of maintaining computer matching agreements and interfaces with multiple SPs
- More automatic checks of data sources to determine eligibility
- Central source of program information and support for consumers

3

## Lower Cost



- SPs relieved of eligibility verification burden
- Lower cost to aggregated system due to more streamlined processes:
  - More automated verification to reduce costly manual reviews; and
  - More automated recertification to reduce costly outreach



# USAC has followed a methodical process to develop the National Verifier Plan...

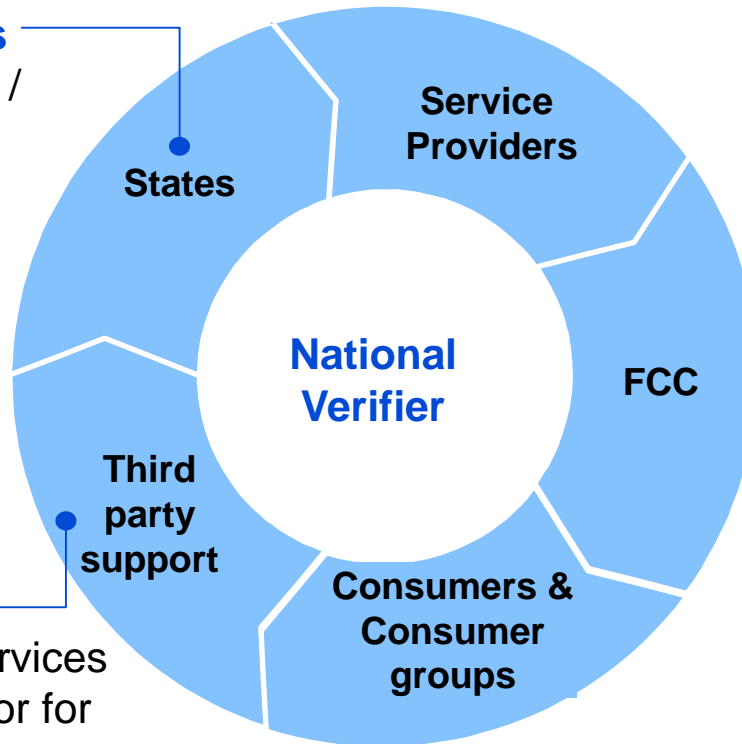
- 1 Work closely with the FCC to better understand the Lifeline Modernization Order
- 2 Seek best-in-class support from external vendors to design the National Verifier and help navigate the changes required at USAC
- 3 Conduct interviews, research benchmarks, and consult with states on best practices for verification systems and processes
- 4 Design the National Verifier based on findings
- 5 Review proposed design of the National Verifier with stakeholders (*details on next slide*)
- 6 Develop the Draft National Verifier Plan and submit it to the FCC before December 1, 2016
- 7 Publish Draft National Verifier Plan
- 8 Seek comments on the Draft National Verifier Plan and incorporate feedback into the National Verifier Plan
- 9 Update the National Verifier Plan every six months during the three-year implementation to communicate approach and process changes



## ...and we have incorporated input from multiple stakeholder groups throughout the Draft NV Plan

### State and federal agencies

- State utility commissions / NARUC
- State administrators of Lifeline-qualifying programs










### Third-party support

- Management consulting services
- Procuring systems integrator for the IT build
- Will procure business process outsourcing (BPO) vendor for consumer support and manual processing

Stakeholder input will be critical beyond this point: we will need input throughout the multi-year implementation and rollout of the NV

# There are a variety of different criteria by which applicants can demonstrate eligibility for Lifeline

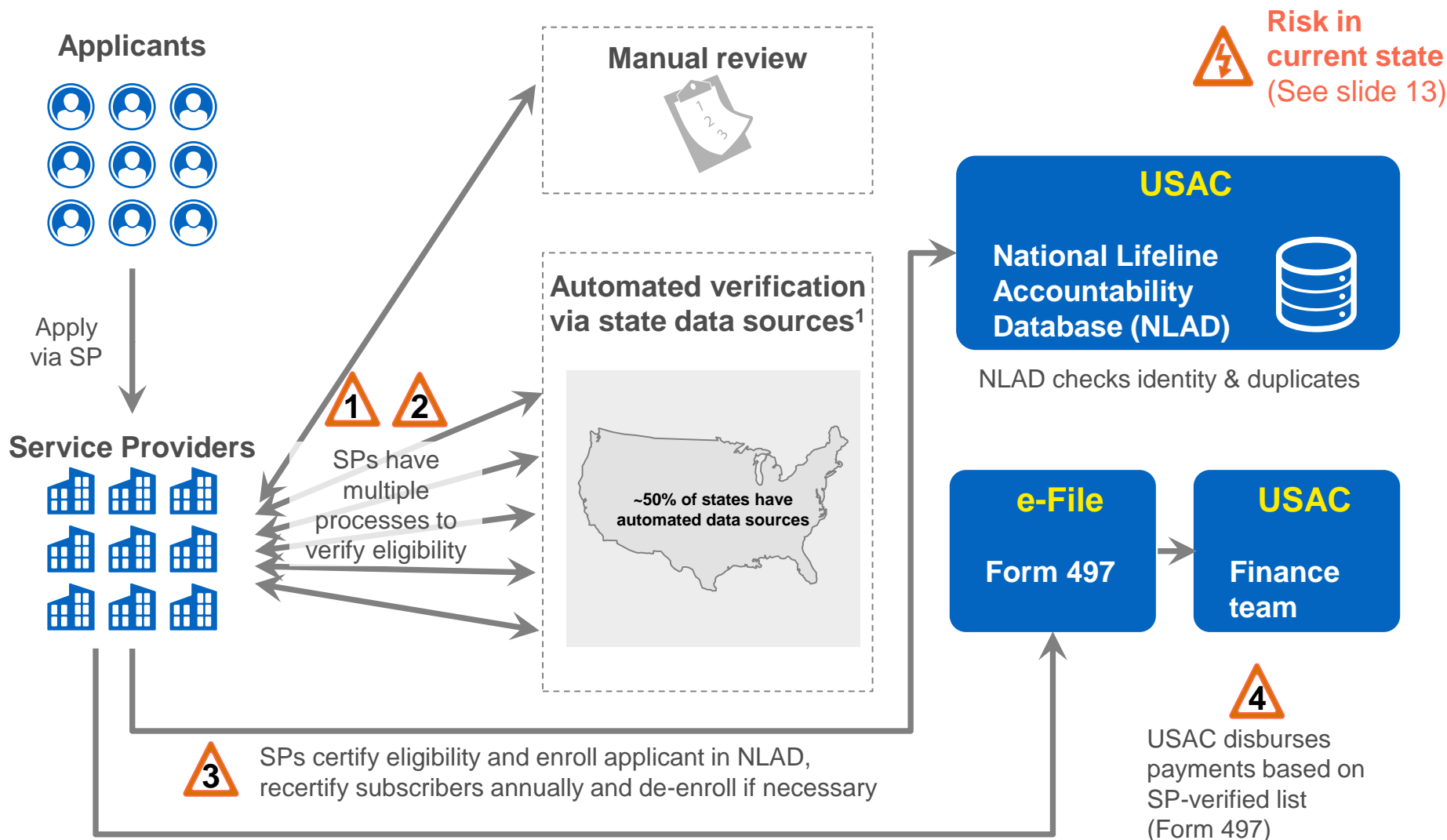
		Current % of LL applicants qualifying through criterion <sup>1</sup>	Comments
Medicaid		38%	<ul style="list-style-type: none"> <li>Qualify through enrollment in Medicaid</li> </ul>
SNAP		38%	<ul style="list-style-type: none"> <li>Qualify through enrollment in SNAP</li> </ul>
SSI		3%	<ul style="list-style-type: none"> <li>Qualify by receiving SSI payments</li> </ul>
Federal Public Housing Assistance		0.6%	<ul style="list-style-type: none"> <li>Qualify by receiving public federal housing benefits</li> </ul>
Income		3%	<ul style="list-style-type: none"> <li>Qualify if income is at or below 135% of the federal poverty line</li> </ul>
Tribal <sup>2</sup>		0.2%	<ul style="list-style-type: none"> <li>Qualify by receiving certain tribally-focused assistance programs<sup>3</sup></li> </ul>
VA		N/A (eligible as of December 2 <sup>nd</sup> , 2016)	<ul style="list-style-type: none"> <li>Qualify by receiving the Veterans Pension / Survivor Benefits</li> </ul>

1. Numbers do not add to 100% due to rounding and the Modernization Order's removal of certain qualifying criteria for Lifeline eligibility determination

2. Must live on tribal land to qualify through tribal programs


3. Bureau of Indian Affairs General Assistance, Tribally-administered Temporary Assistance for Needy Families, income-based Head Start, or the Food Distribution Program on Indian Reservations

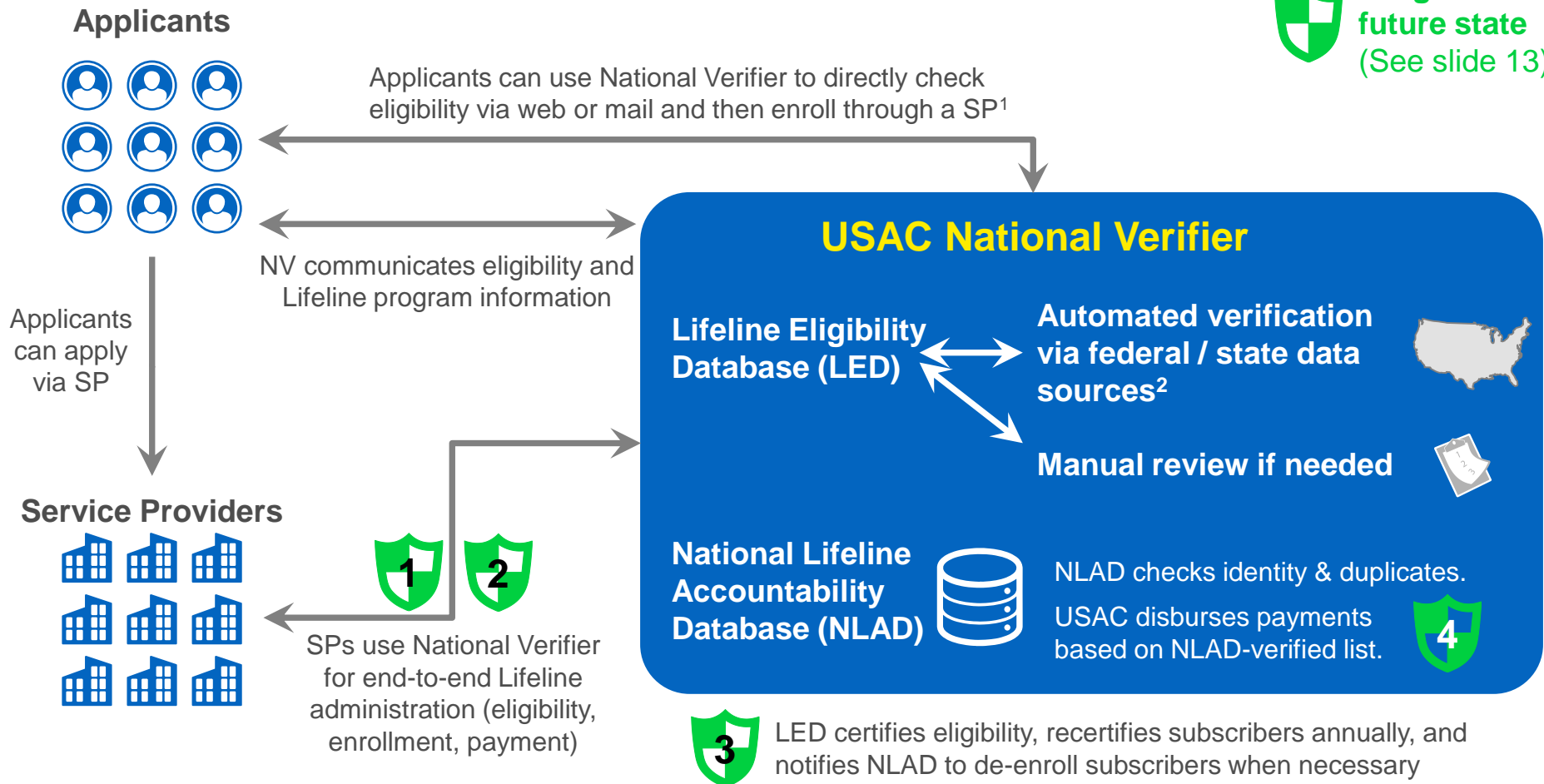
# Lifeline will move from the current state where Service Providers conduct eligibility verification...



1. For example: Medicaid, SNAP, SSI

# ...to a future state where USAC conducts eligibility verification through the National Verifier...

 **Mitigation in future state**  
(See slide 13)



1. If eligible, applicant receives application number and list of nearby SPs 2. For example., Medicaid, SNAP, SSI

# ...which is designed to address several program integrity risks in the current Lifeline program

## Current program integrity risk



**Service Providers conducting Lifeline eligibility verification creates potential for waste, fraud, and abuse**



**Variation in eligibility verification processes across Service Providers and states creates potential for confusion, errors, inconsistency**



**Subscribers whose eligibility has lapsed may not be timely de-enrolled from NLAD**



**Payment complexity due to separate processes for enrollment and claims for reimbursement**

## Planned NV mitigation strategy



**Centralize eligibility verification with USAC, a neutral party**



**Standardize eligibility verification processes through the National Verifier**

- More automated verification by pinging state and federal data sources increases accuracy
- Centralized manual reviews conducted by BPO vendor that adheres to consistent quality control standards



**Automate recertification to re-confirm eligibility (removing need for self-certification for majority of subscribers)**

**Automate de-enrollment of subscribers due to non-response for self-certification**



**Unified NLAD / LED systems streamline ability to tie disbursements directly to subscribers claimed in NLAD**

# USAC is taking near-term steps to improve these risk areas in parallel to building the National Verifier

## Current program integrity risk



**Service Providers conducting Lifeline eligibility verification creates potential for waste, fraud, and abuse**



**Variation in eligibility verification processes across Service Providers and states creates potential for confusion, errors, inconsistency**



**Subscribers whose eligibility has lapsed may not be timely de-enrolled from NLAD**



**Payment complexity due to separate processes for enrollment and claims for reimbursement**

## Planned near-term mitigation strategy



**USAC will sample eligibility verifications performed by Service Providers, begin tracking activity by sales agent, and continue to enhance audit processes**



**USAC will ensure that Service Providers are using the available state data sources to minimize manual review processes, and verify this through sampling and audits**



**USAC will sample recertifications performed by Service Providers, monitor for deceased subscribers who should no longer be claimed, and continue to enhance audit processes**

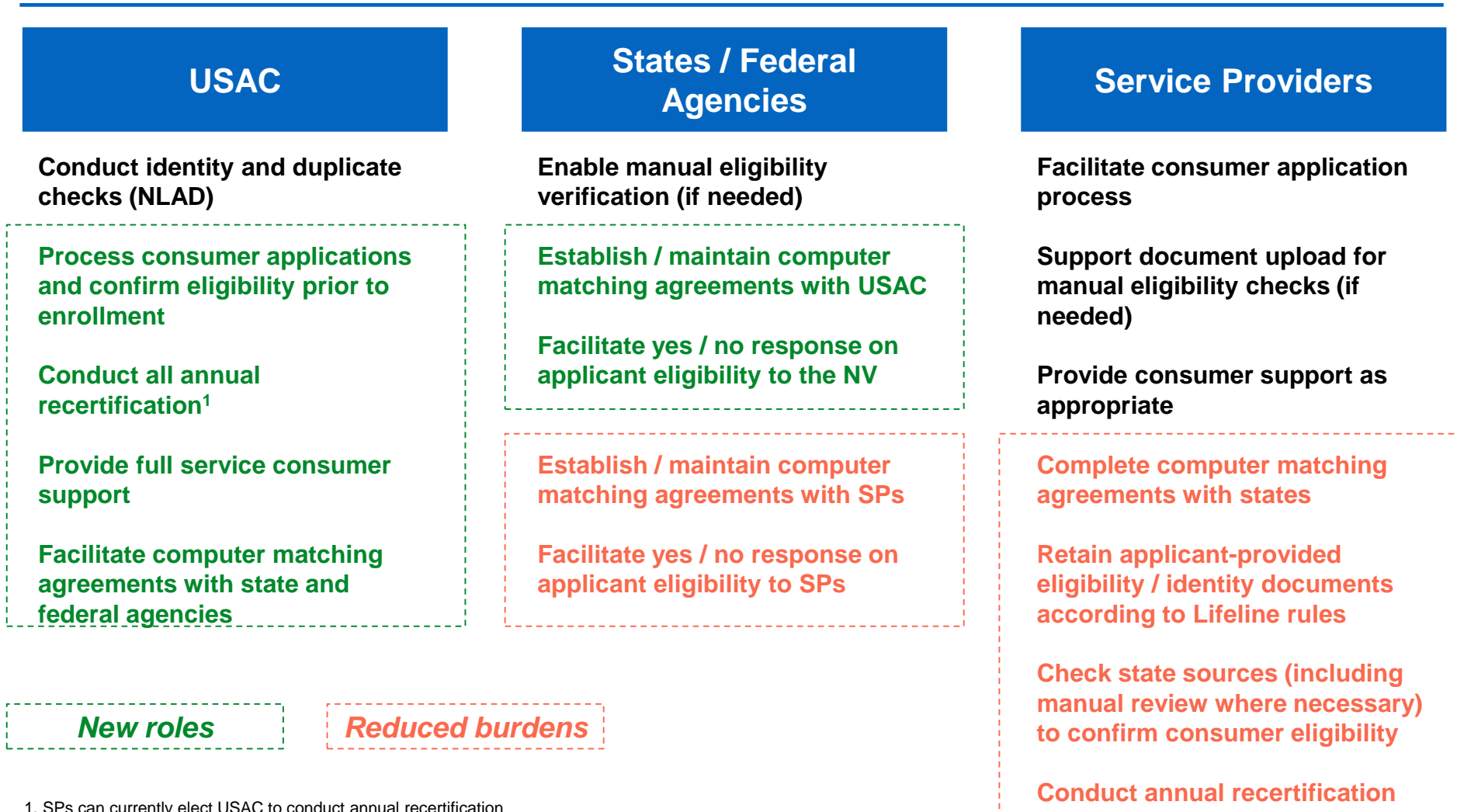


**USAC will require explanation from Service Providers with material variances between NLAD and the FCC Form 497, and take action as appropriate in the absence of a reasonable explanation**



# With the implementation of the National Verifier, the roles of key Lifeline stakeholders will shift

**Eligibility verification must shift from Service Providers to USAC**



1. SPs can currently elect USAC to conduct annual recertification

# The National Verifier will also change key processes (1/4)

## Process example: Enrollment

**Enrollment:** Going forward, all consumers must verify their eligibility through the National Verifier before receiving Lifeline benefits. Applicants will provide the NV with their personal information either directly or through a Service Provider.

- Consumers will be able to verify their eligibility independently:
  - Apply through the National Verifier web portal, enter identification data, submit certifications
  - Status conveyed to consumer via preferred contact method
- Service providers can assist consumers with checking their eligibility using the National Verifier's Service Provider Portal.
- Service providers' customer service staff can assist consumers with preparing and sending a paper application packet to the National Verifier.
  - Mail packet to the National Verifier and wait for National Verifier approval prior to enrollment

# The National Verifier will also change key processes (2/4)

## Process example: Enrollment

**Enrollment (continued):** The National Verifier will verify all eligible consumers and consumers will be enrolled through NLAD.

- The NV will interface with federal / state data sources to verify eligibility; as needed, the NV will conduct manual review of applicant-submitted documents.
  - NV will also conduct identity verification and duplicate subscriber / address checks.
- Similar to current practice, Service Providers will enroll approved applicants in NLAD; going forward, only applicants verified by the NV can be enrolled in NLAD.
- In order to allow consumers time to choose a Lifeline Service Provider, the NV's determinations of eligibility will be valid for 90 days once issued.

# The National Verifier will also change key processes (3/4)

## Process example: Recertification

**Recertification:** All subscribers must annually recertify directly through the NV to continue to receive Lifeline.

- At least 90 days (but not more than 150 days) prior to the service initiation date anniversary, the NV will attempt to recertify all subscribers by checking automated data sources.
  - No further action is required from subscribers found through automated verification.
- The NV will reach out to subscribers who could not be automatically verified through several channels (e.g., mailing and reminder texts, calls, etc.) to complete self-certification
  - Subscribers will have many channels (e.g., phone, mail, web) through which they can complete self-certification.
- The NV will keep SPs apprised throughout this process and will automatically de-enroll subscribers who fail to recertify.
- Consistent with the Lifeline program rules, USAC, through the NV, reserves the right to perform ad hoc eligibility verifications on any subscriber at any time, above and beyond the annual recertification process.

# The National Verifier will also change key processes (4/4)

## Process example: Payment

**Payment:** Beginning in February 2018 (based on January data month), all service providers in all states will be paid exclusively based on the record of their subscribers in NLAD.

- Service providers will continually update NLAD to ensure that it is an accurate record of subscribers enrolled in Lifeline.
- NLAD will produce a "snapshot" report on the 1st of each month and request Service Providers to certify the list.
- All service providers will be paid based on that certified list of subscribers, rather than based on the 497 form (as is current practice). Service providers will need to review and verify the "snapshot" report, claim or unclaim subscribers, provide reasons for unclaimed subscribers, and verify and make corrections to the dollar value rate for each subscriber on the "snapshot" report.

# These updated processes will require a build of new integrated eligibility systems...

## Eligibility

### Lifeline Eligibility Database (LED)

- One eligibility engine with many functions:
  - Query qualifying program data sources to determine eligibility;
  - Store yes / no eligibility results; and
  - Queue applications to BPO for manual review when necessary<sup>1</sup>
- Portals for eligibility verification (e.g., consumer web portal, batch uploads)

***New build required***

## Enrollment

### National Lifeline Accountability Database (NLAD)

- Database of all enrolled Lifeline subscribers for calculating payments to SPs;
- Services to check duplicate subscribers / addresses and verify identity; and
- Portal for subscriber updates

***Updates required***

**From a technical standpoint, LED and NLAD will be tightly integrated as part of the single National Verifier solution to ensure a streamlined experience**

1. For example, income verification or when applicant not found automatically in federal / state data sources

## ...and the addition of new capabilities

New capabilities will come from both internal and external sources

### USAC capabilities

#### USAC / Lifeline team

**Rigorous vendor management**

**Additional capacity for stakeholder engagement and development of computer matching agreements**

**Complex project planning and KPI tracking**

**Additional advanced data analytics to detect waste, fraud, and abuse**

### Vendor capabilities

#### Systems integrator

**Build the National Verifier with all capabilities required to enable the timely and successful completion of its goals**

**Build the National Verifier to comply with all applicable security- and privacy-related standards and regulations**

**Test the National Verifier systems to ensure an optimal user experience**

*Procured in March 2017*

#### BPO provider

**Manual processes and consumer call center to:**

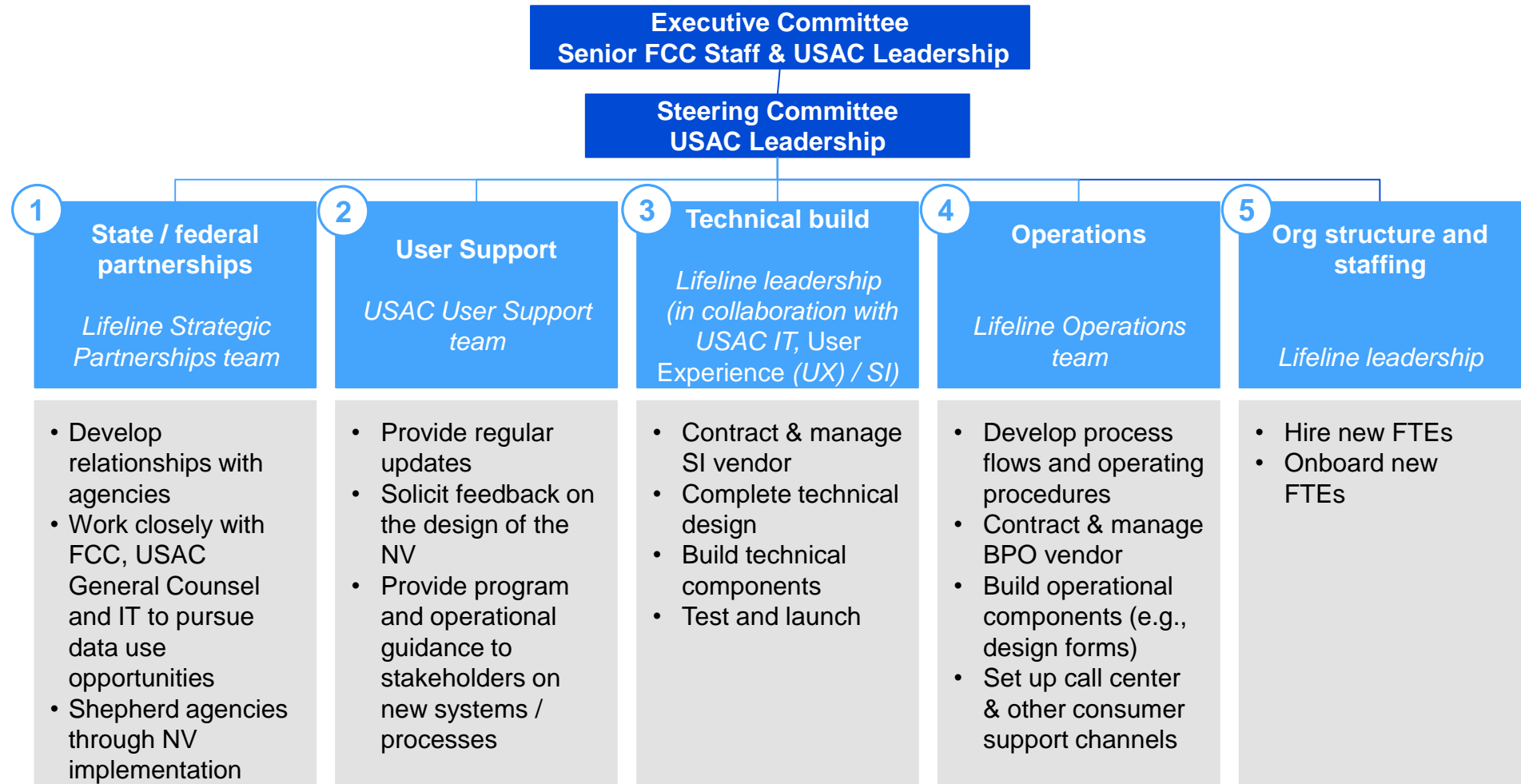
- Conduct manual eligibility reviews when automatic checks are not available
- Receive and process mail-in applications and IVR recertifications
- Support communication methods (e.g., mail recert. notices)

**General consumer support, including for all dispute resolutions**

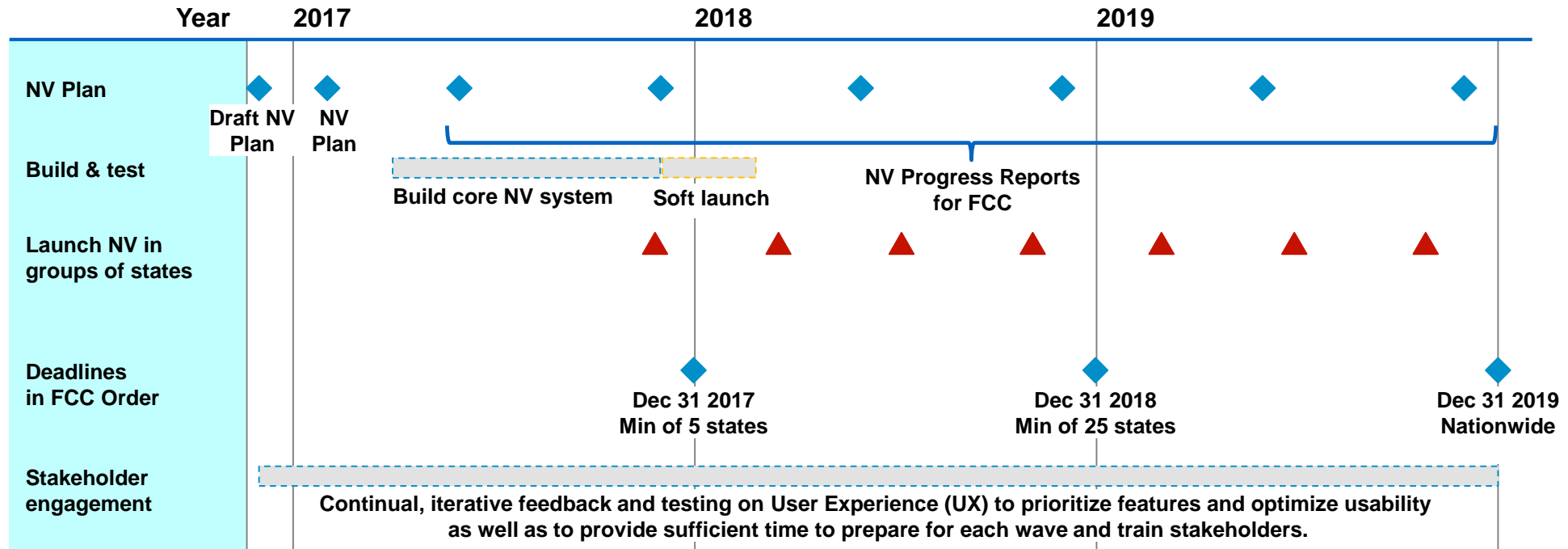
*To be procured in third quarter 2017*



# These changes will be managed by an FCC / USAC governance structure



# The National Verifier will be launched in multiple waves over the next three years



**The National Verifier Plan will be continuously updated and published every 6 months**

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## User Support: Executive summary

**Proactively engaging key stakeholders is critical to the success of the National Verifier.**

- Stakeholder feedback helps USAC access opportunities and understand the implications of the decisions we make for those who will interact with the National Verifier regularly.

**As we design and build the National Verifier, USAC continues to seek feedback from three key stakeholder groups:**

- State and federal partners
- Consumers and consumer groups
- Service providers

**USAC is committed to integrating stakeholder feedback into the design of the National Verifier to make it a success. Our feedback process is to:**

- Gather feedback from small but diverse group of system users
- Validate feedback with a larger group
- Design and build
- Test with real users
- Update the design

## User Support: Feedback Process

### **USAC uses a variety of methods to gather feedback:**

- In depth interviews
- Topic/process specific online focus groups
- Technical feedback forums
- Process and material reviews

### **And validates the feedback applies to a broad group of stakeholders using:**

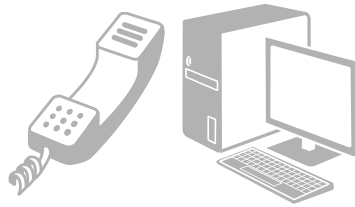
- Webinars
- LifelineNationalVerifier.org blog
- National Verifier Build Update Newsletter

### **USAC will conduct usability tests for several aspects of the National Verifier including:**

- Consumer portal
- Paper consumer forms
- National Verifier/NLAD interfaces

# We are collecting feedback from three key stakeholder groups throughout the National Verifier project

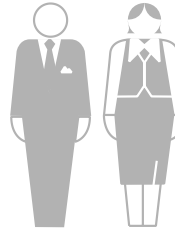
## Service providers



**Simple systems / processes**

**Minimizing business process disruptions**

## Consumer groups



**User-friendly interfaces**

**Maximizing access for all consumers**

## States / federal agencies



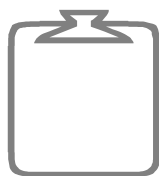
**Data use and storage**

**Protecting data (privacy, security)**

**Stakeholder primary interests**

# We are gathering insight on NV systems, processes & usability

## System & Processes



## Usability Tests



### Stakeholders

#### Service Providers

- One on one interviews
- Online focus groups
- Tech feedback forums

- Feedback on forms and screens
- Share prototypes
- Test system elements

#### Consumers & groups

- Small group conversations to review processes and understand consumer experience

- Feedback on forms and screens
- Test system elements

#### States / federal partners

- Participation in NARUC calls & conferences
- Work with individual states to understand needs and challenges

- Feedback on forms and screens
- Share wireframes
- Test system elements

### Feedback is Validated through:

- [Webinars](#)
- [LifelineNationalverifier.org Blog](#)
- [National Verifier Build Update Newsletter](#)



# We heard several themes from stakeholders that will be considered in the design and build

	Theme	How feedback will be addressed
Service Providers	The more access the National Verifier has to eligibility databases, the better	USAC is working with state and federal sources to achieve as many automated connections as possible.
	The primary benefit of the National Verifier is real-time eligibility checks for enrollment and recertification	USAC understands the value of real time, automated decisions for eligibility and recertification and is developing a system to address that need. As the system is built, USAC will communicate anticipated SLAs for automated and manual reviews to service providers and consumers to set realistic expectations.
	The National Verifier should maintain the same high-quality customer service experience for Lifeline subscribers as commercial customers	The National Verifier will include robust customer service options designed to support consumers through the application and enrollment process. In addition, USAC will work closely with service providers to ensure providers maintain strong relationships with their customer base.
States	States have unique Lifeline requirements and several states have their own benefit programs	USAC is working with states to understand how their program requirements align with the federal program and will collaborate with states to ensure service providers and consumers understand how the benefit programs are aligned and how they differ.

## We heard several themes from stakeholders that will be considered in the design and build

### Multiple Groups

#### Theme

#### How feedback will be addressed

The application and enrollment process is challenging for consumers, they often need help getting through it.

USAC is using stakeholder feedback to develop application forms and processes that are designed for the unique needs of Lifeline consumers. We are testing the processes and designs with real consumers to make sure they are as accessible as possible. USAC will offer a variety of services to support consumers who need help, from a call center to instructional guides. USAC will also work with states, service providers, and consumer groups to share customer support materials and training.

States and service providers need significant lead time and documentation to make changes to technical systems.

USAC is reviewing our processes for rolling out technical systems changes and will add additional notice and documentation whenever possible. We started holding monthly tech feedback forums where we speak directly with the development teams at service providers to alert them to upcoming releases, answer questions and gather feedback on technical issues. In addition, USAC has committed tech specs by late August (3 months prior to the December soft launch and 6 months prior to the March hard launch).

Consumers often have issues that lead to “soft denials” – from mismatched name information to bad addresses to issues with their information in the qualifying program database.

USAC is developing processes that will help consumers correct these “soft denials” by uploading documents such as a drivers license and eligibility program documents. USAC will work with service providers and other third party Lifeline “navigators” to allow these groups to support customers through the document submission process in a way that protects program integrity.

## Deep dive: State and Federal Partnerships

We will access eligibility data in a number of ways

In order for the National Verifier to check consumer eligibility quickly and with high accuracy, USAC and the FCC are pursuing Computer Matching Agreements (CMA) with various state and federal agencies.

We are working with state and federal service agencies with databases that house data on consumers who participate in Lifeline's qualifying eligibility programs (i.e. state departments of health and federal agencies, like HUD).

The objective is to access data in an automated fashion (i.e. through an API) as much as possible.

- We recognize that data sources will not cover all of our potential subscribers; therefore, manual document review processes will be employed when needed.
- For the initial launch, USAC will decide whether to build automated connections to available sources based on the following:
  - **Cost:** It may not be cost effective to employ the technical resources necessary to build an automated connection.
  - **Agency prioritization:** Some agencies may not be able to provide access to their data for technical or resource related reasons.
  - **Legal barriers:** There are a number of complex legal and compliance considerations when sharing data between state and federal agencies.

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## Business architecture: Executive summary

**The business architecture chapter captures, at a high level, each key process that the National Verifier will be required to complete.**

- The business architecture defines the key systems that underlie the NV and serves as a guide describing how key stakeholders will interact with those systems.

**We have created a list of 25 scenarios that the National Verifier will address and have drafted the high-level business architecture for each scenario.**

- We solicited and have received input from stakeholders on key external-facing scenarios (e.g., enrollment, recertification, payment).
  - We will continue to engage stakeholders as we refine the Plan.

# There are a variety of scenarios that underpin the high-level business architecture for the NV (1/2)

	Scenario	Slide #
Enrollment	① Individual consumer applies directly through NV	36, 37, 38
	② Batch enrollment through approved third party <ul style="list-style-type: none"> <li>• Service Provider</li> <li>• Aggregation projects</li> </ul>	39
	③ Application status check	40
	④ Tribal support entitlement (individual)	41
	⑤ Eligibility batch file upload process	42
Recertification	⑥ Individual subscriber recertifies	43
De-enrollment	⑦ De-enrollment process	43
Transfers	⑧ Service Provider transfer process	44
Account approval/mgmt	⑨ Approval / management of third-party accounts (e.g., SP, state / verifier partner)	45
Consumer info	⑩ Provision of information to consumers	46, 47
Updates	⑪ Subscriber information update process <ul style="list-style-type: none"> <li>• Address, name change, etc.</li> </ul>	48
Payment	⑫ Service Provider payment process	49
	⑬ Receipt of payment information from NLAD opt-out states	50
	⑭ SP payment review / correction process	51

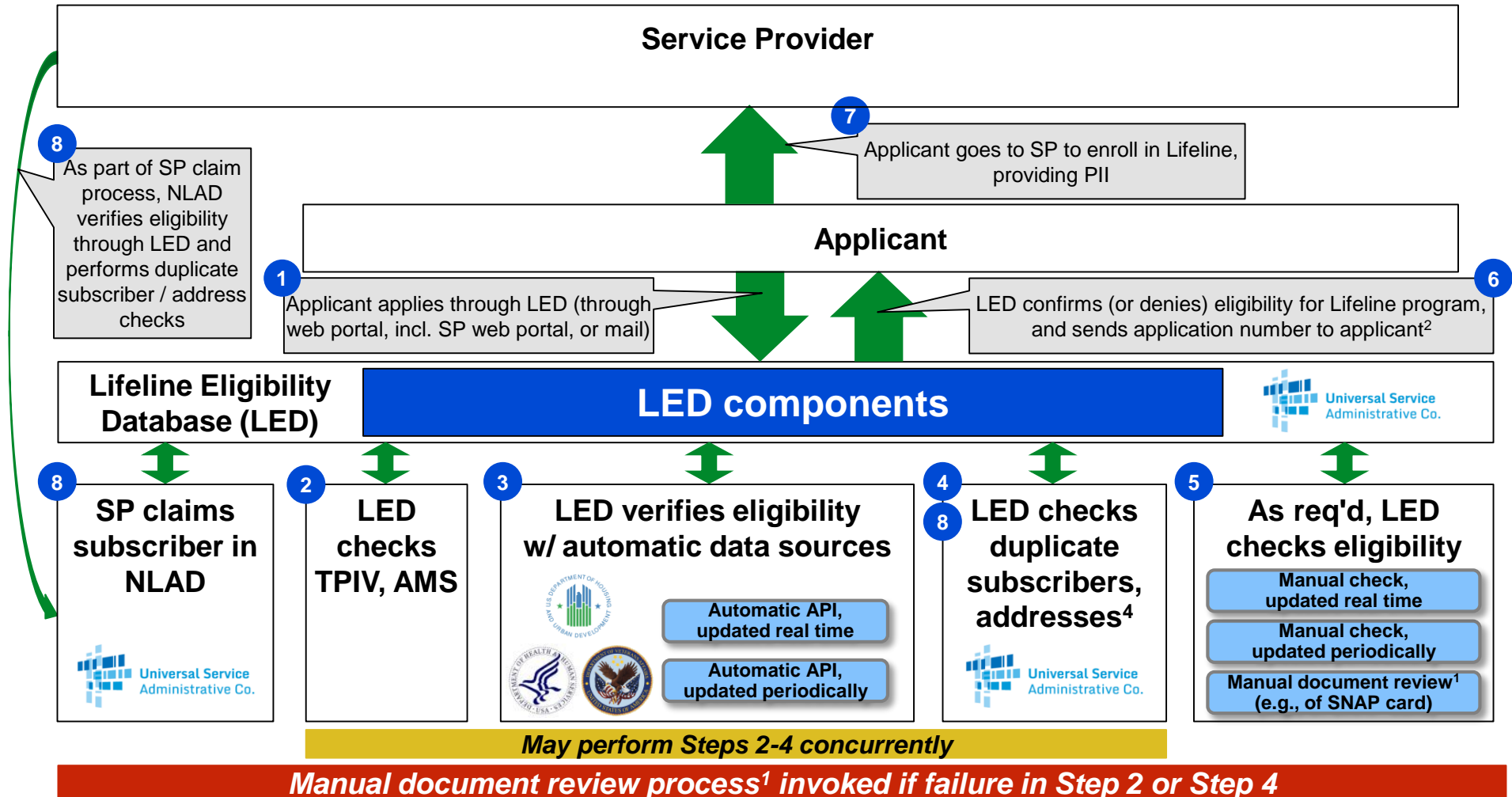
# There are a variety of scenarios that underpin the high-level business architecture for the NV (2/2)

	Scenario	Slide #
Reporting / auditing	⑮ Reporting for USAC / FCC	52
	⑯ Reporting for state / federal partners	52
	⑰ Reporting for Service Providers	52
	⑱ Reporting for social service agencies	52
	⑲ Reporting for aggregation projects	52
	⑳ System failure notification	53
	㉑ Auditing process	54
Dispute resolution	㉒ TPIV / AMS / port freeze dispute resolution	55
	㉓ Eligibility dispute resolution	56
	㉔ Recertification dispute resolution	56
Migration	㉕ Migrating existing subscribers	57, 58

The rest of the slides in this section explain each scenario in detail



# Consumer verifies eligibility directly through NV; SPs enroll verified applicants



Note: Number balls represent steps in process; all actions on step 8 happen simultaneously 1. Eligibility and/or identity verified through document review at the USAC call center as failsafe process of last resort 2. Eligibility determinations remain valid for 90 days

## Service Provider Interaction with the National Verifier

**Service providers can assist consumers with checking their eligibility using the National Verifier's Service Provider Portal.**

- Customer service staff log into the Service Provider Portal
- Assist consumer in completing application
- Portal will track activities of individual agents

**Service providers' customer service staff can assist consumers with preparing and sending a paper application packet to the National Verifier.**

- Mail packet to the National Verifier
- Wait for National Verifier approval prior to enrollment

**Note: There will be no API integration available to the National Verifier. However, service providers can continue to use NLAD APIs.<sup>1</sup>**

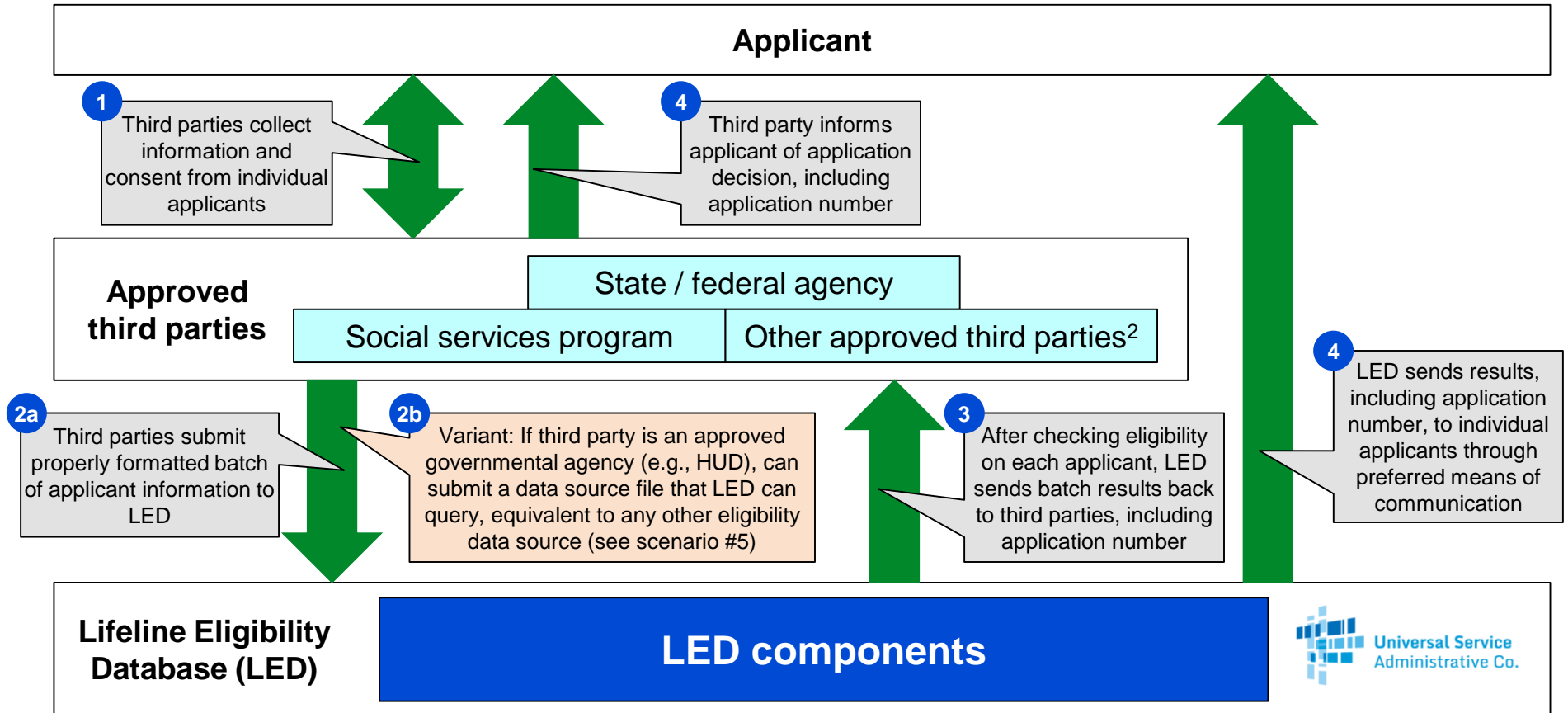
1. NLAD is integrated into the National Verifier for certain functionality. An NLAD API can be used to see if a consumer has been deemed eligible, but cannot initiate a new eligibility check. If an NLAD lookup shows a consumer is not eligible, there is the option to proceed to the SP portal and conduct an eligibility check

# The National Verifier encompasses several types of automated and manual reviews

	Data freshness	Description
Automated	Real time	<ul style="list-style-type: none"> <li>Automated query of eligibility data source</li> <li>Data source updated in real time (most recent information)</li> </ul>
	Periodically updated	<ul style="list-style-type: none"> <li>Automated query of eligibility data source</li> <li>Data source may not have latest available information</li> </ul>
Manual <sup>1</sup>	Real time	<ul style="list-style-type: none"> <li>Manual check of eligibility data source</li> <li>Data source updated in real time (most recent information)</li> </ul>
	Periodically updated	<ul style="list-style-type: none"> <li>Manual check of eligibility data source</li> <li>Data source may not have latest available information</li> </ul>
	Documents	<ul style="list-style-type: none"> <li>Manual review of documents provided by applicant</li> </ul>

1. SLA for manual review to be determined; pursuing as close to real time as possible while considering cost and BPO capabilities

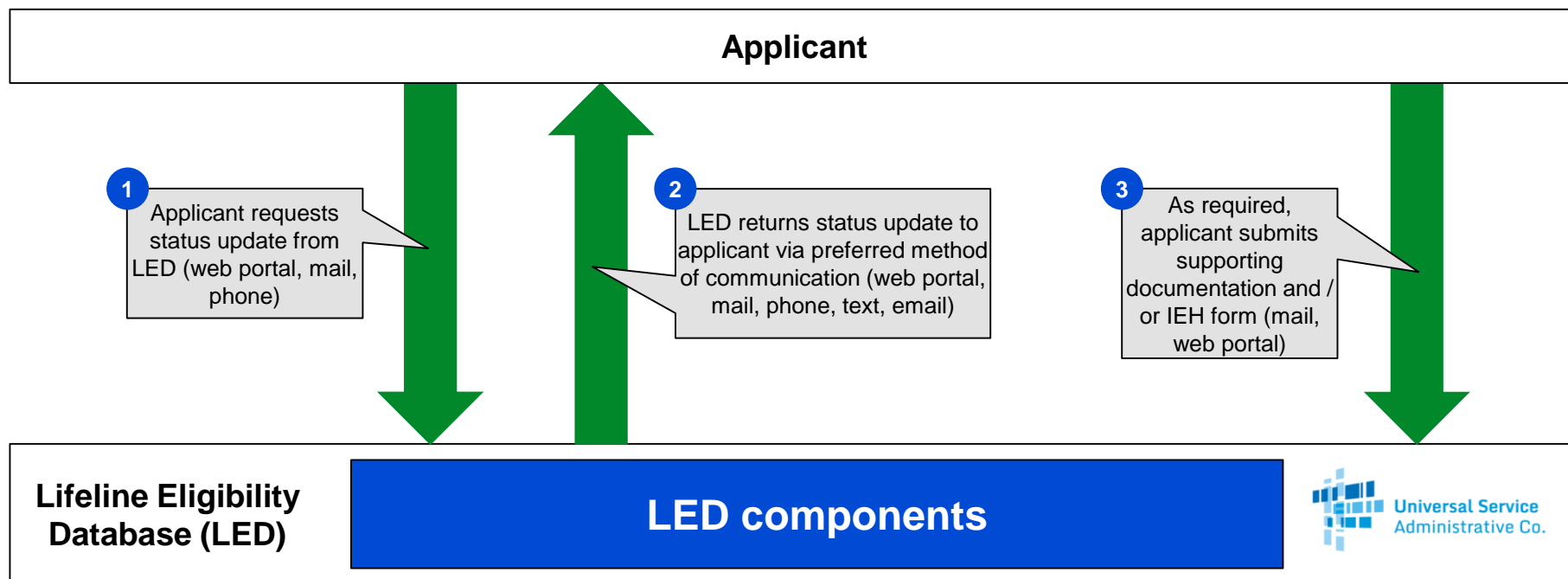
# Third-party batch application / eligibility verification process<sup>1</sup>



**Applicants requiring manual review will be rejected and must go through the individual application process**

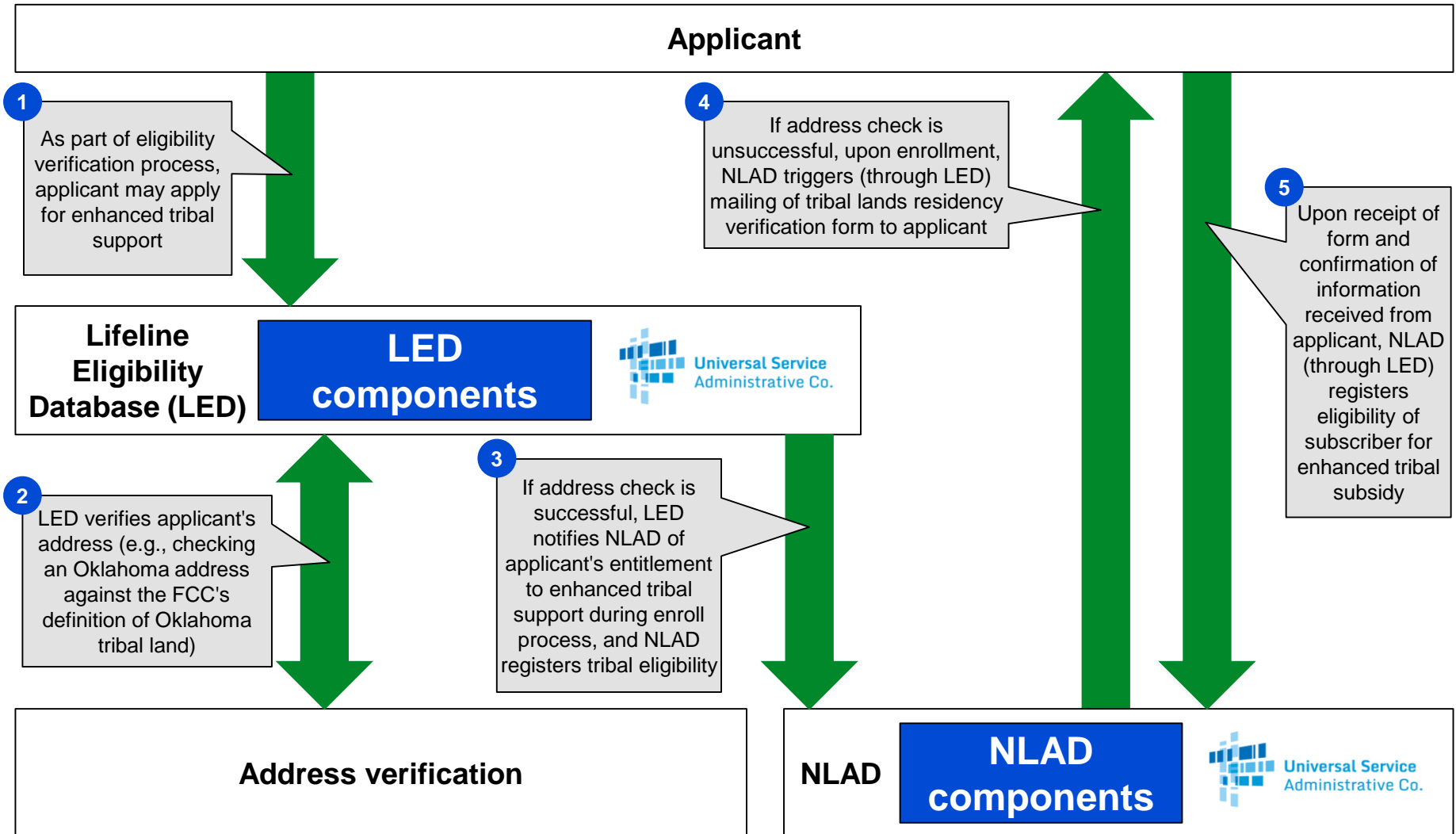
1. This functionality will not be available in the initial launch. USAC intends to pursue this process in a future release.  
 2. As designated by USAC. Note: Both actions on Step 4 happen simultaneously; we are targeting near real time turnaround for all reviews.

## Eligibility verification / application status check

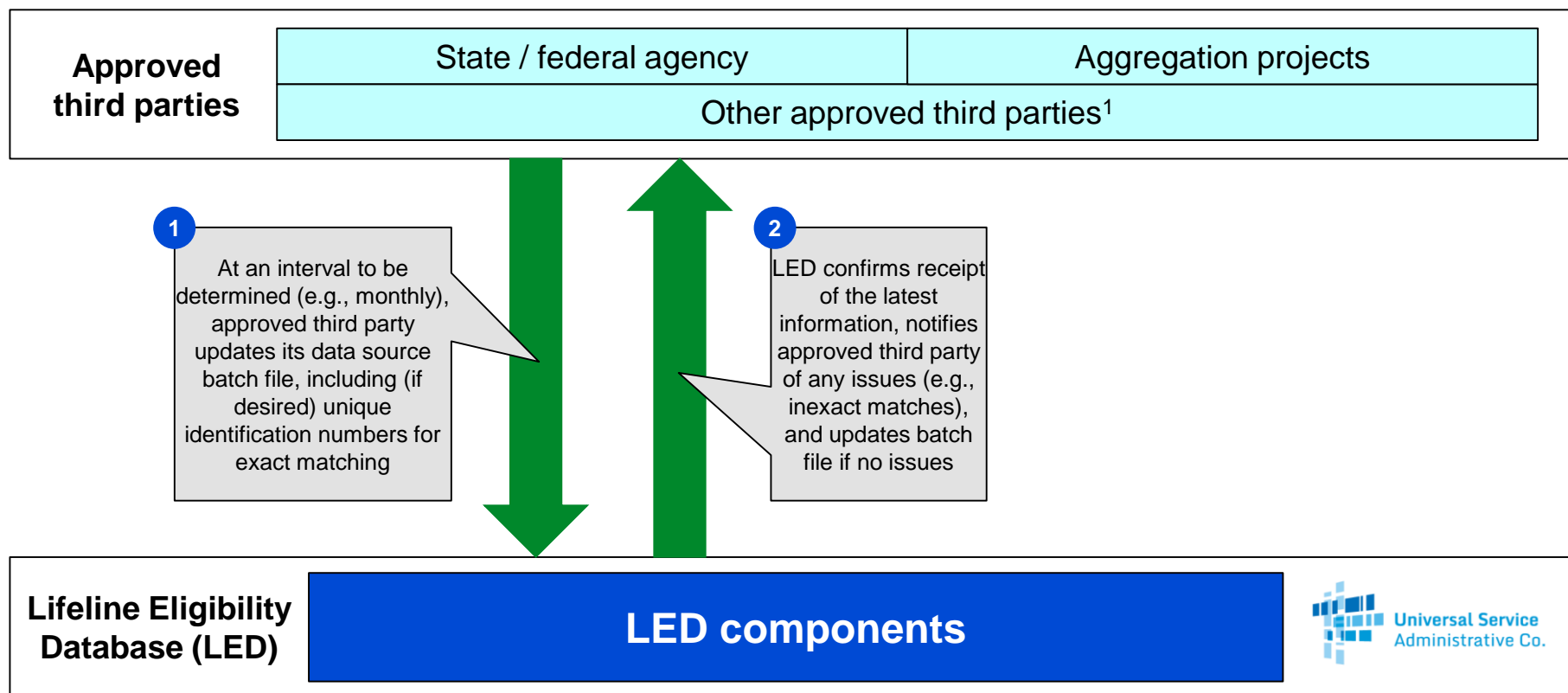


Note: Information available through status check likely to include application status, application number, update of preferred method of communication, functionality to submit documents required to continue in process (as required), IEH form submission (as required)

## Tribal support: Applicant demonstrates eligibility to receive enhanced tribal support subsidy



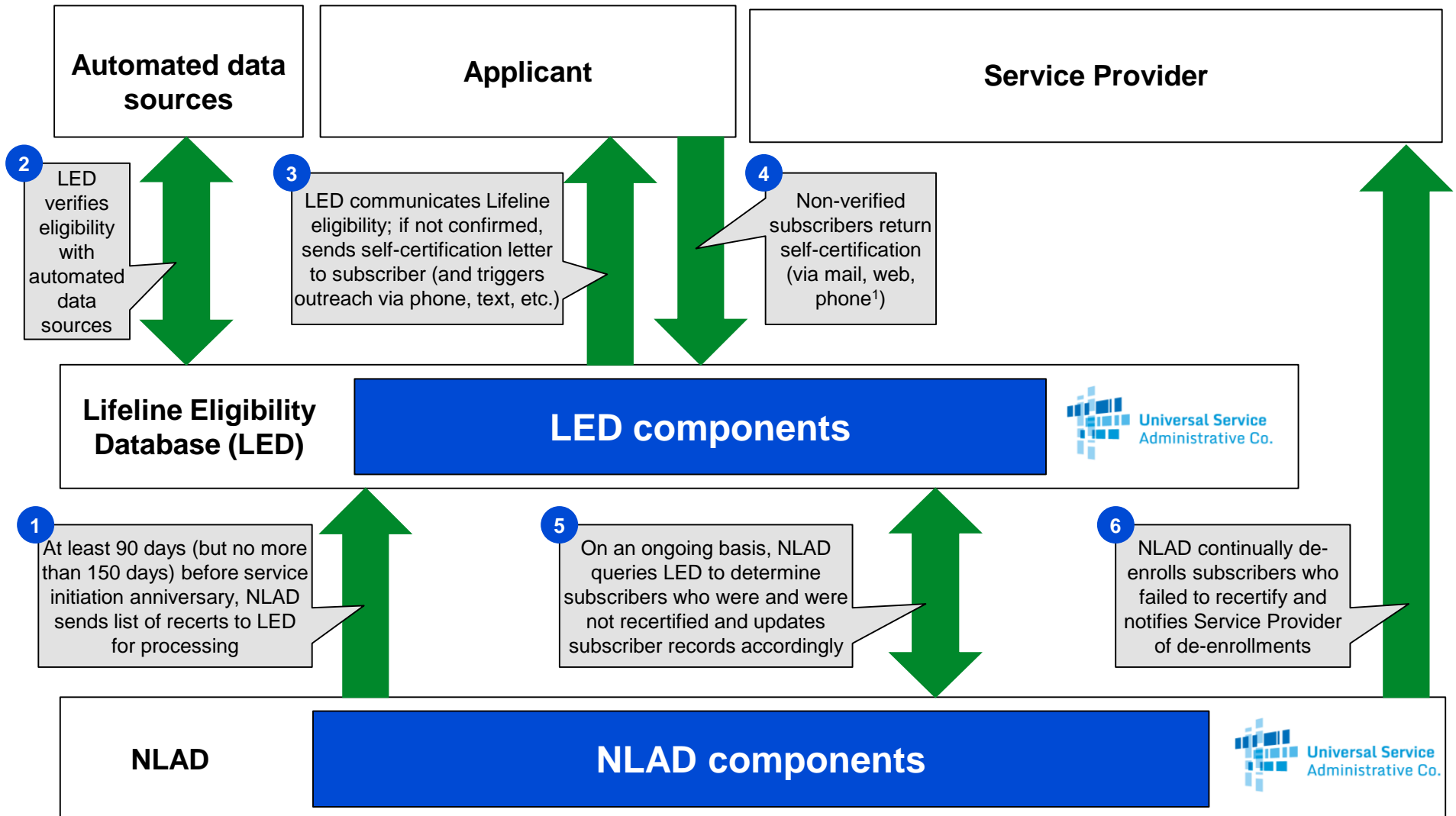
# Process to upload / update underlying batch files for periodically updated eligibility data sources



Note: May have different technical upload process dependent on file size

1. As designated by USAC

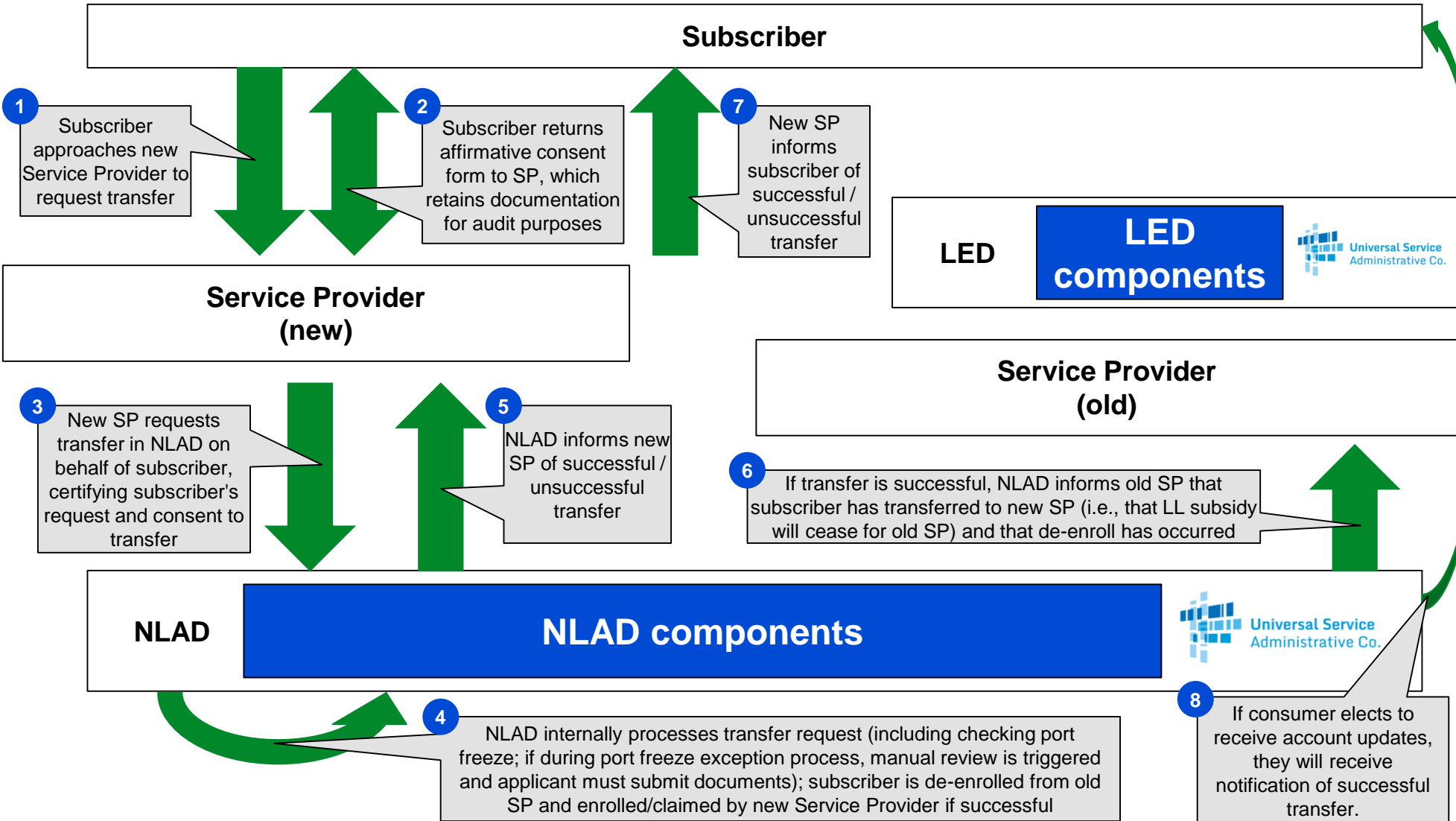
# Individual consumer annually recertifies eligibility (includes subsequent de-enrollment)



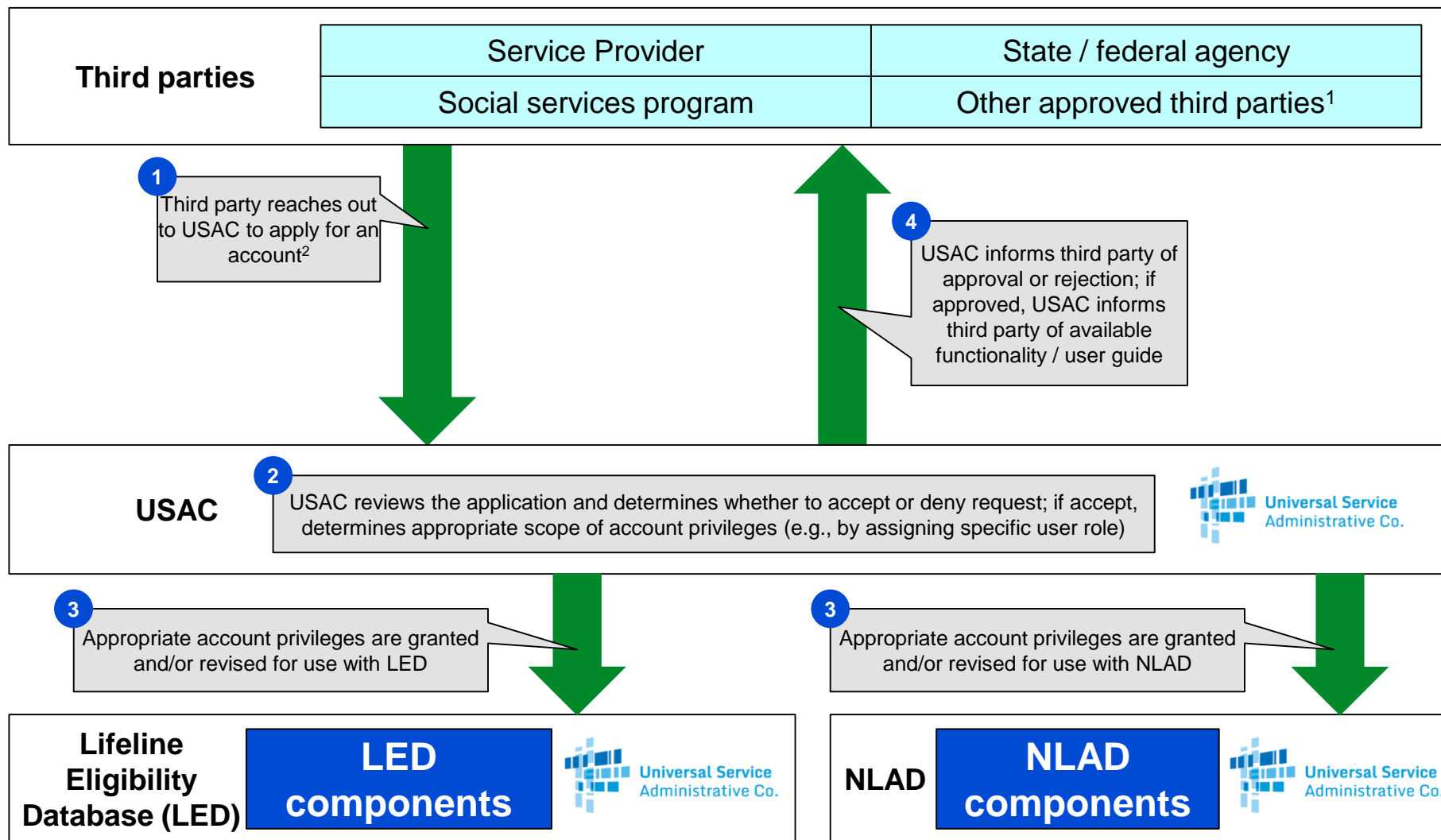
1. IVR (with call center backup)



# Benefit transfer: Subscriber requests transfer of Lifeline benefit to a new Service Provider

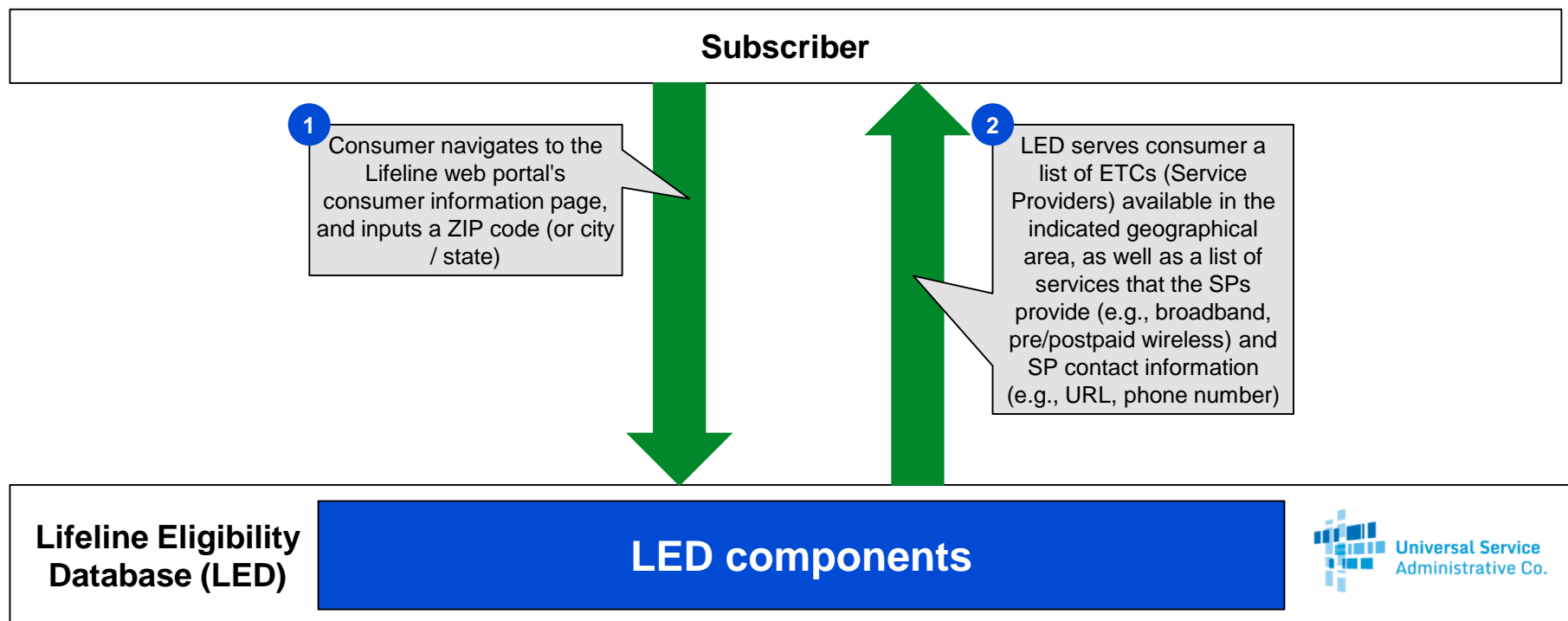


# Approval and management of third-party NV accounts (e.g., for SPs, social services agencies, states / verifier partners)

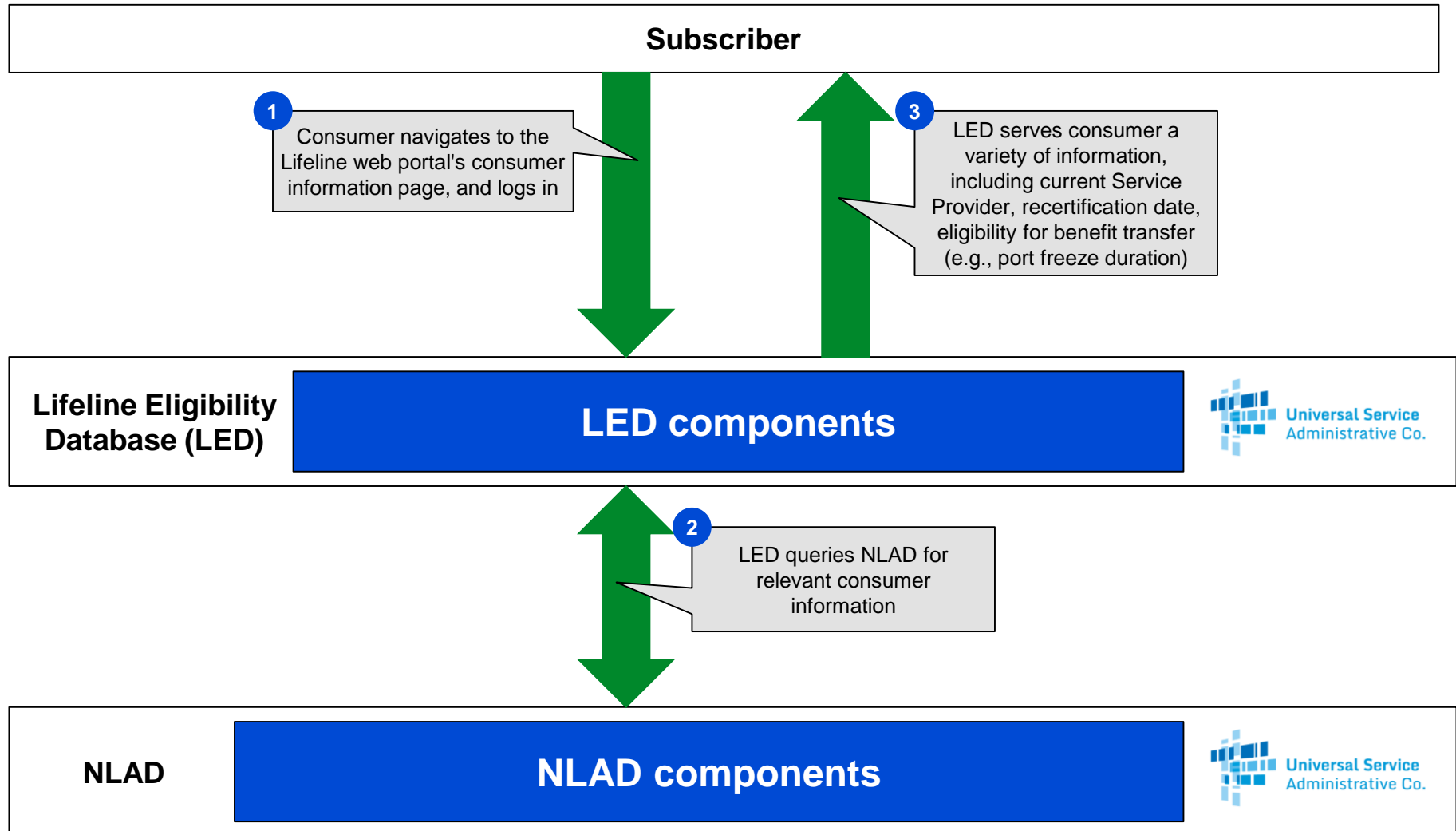


1. As designated by USAC 2. Service Providers will continue to apply through e-File

## Display of public consumer information (e.g., ETCs in a given geography)

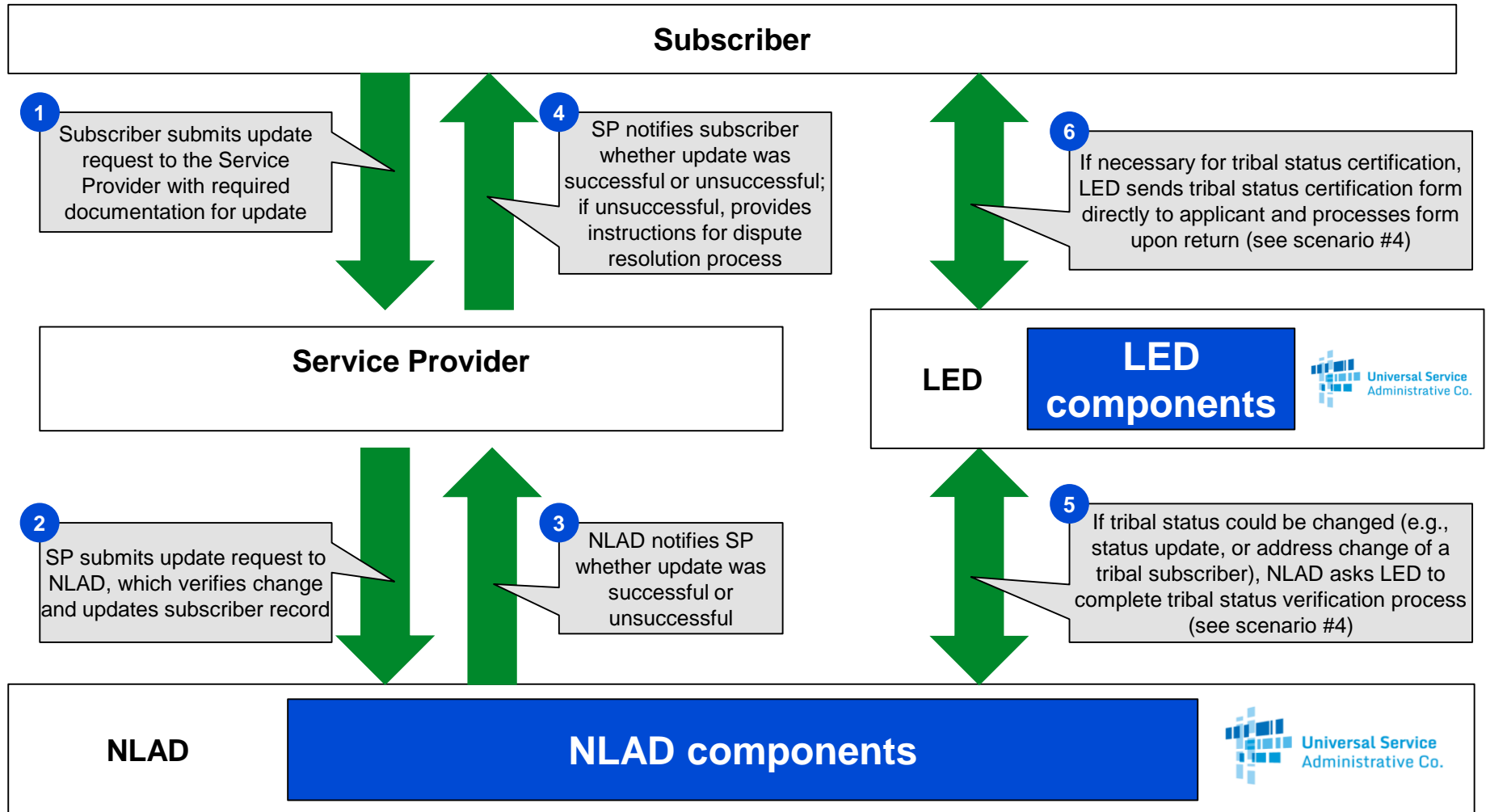


## Display of private information to consumer (e.g., current SP, annual recertification date, port freeze end date)

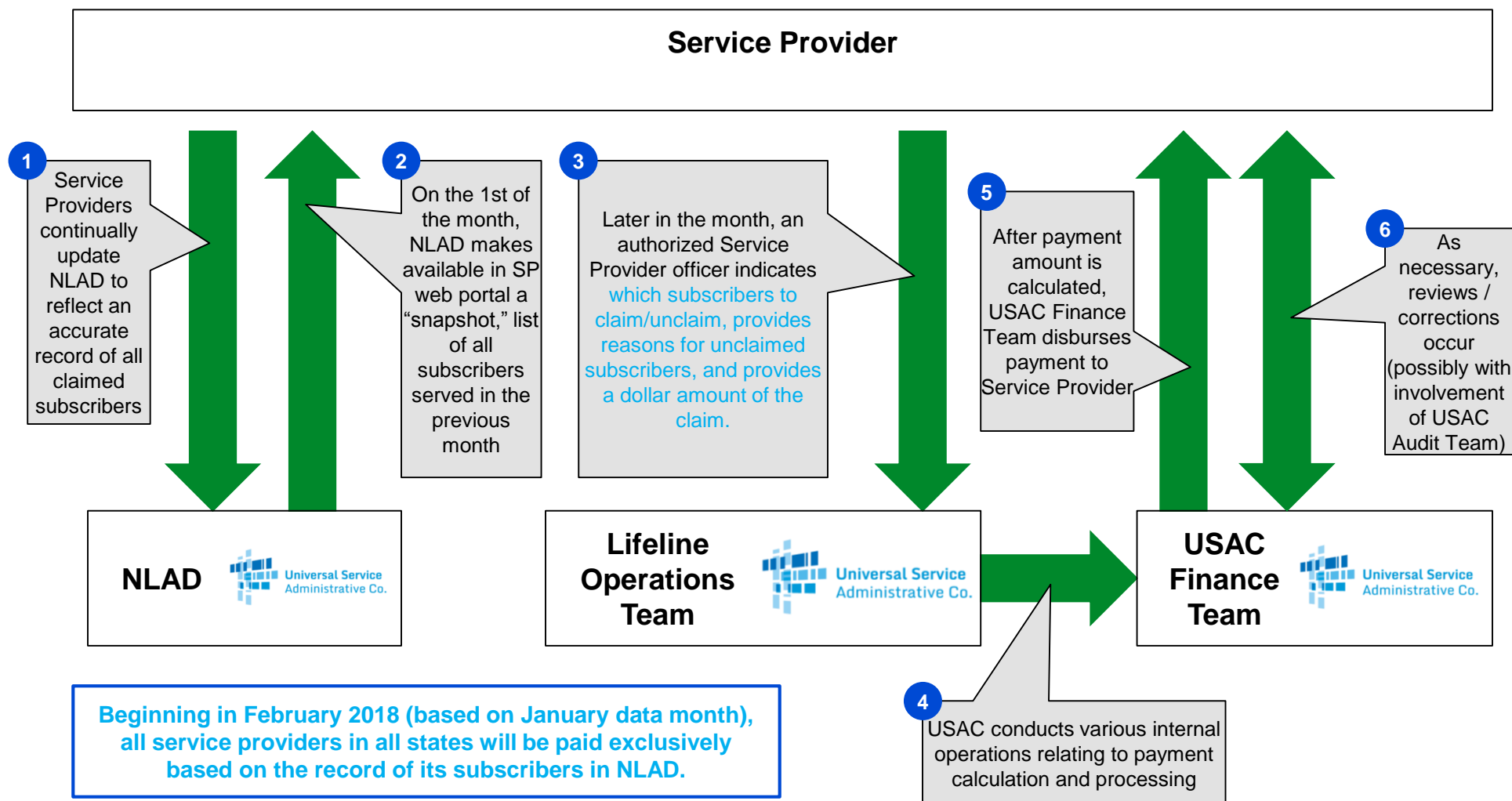


Note: Also possible to receive this information by contacting USAC Lifeline Consumer Support (i.e., call center)

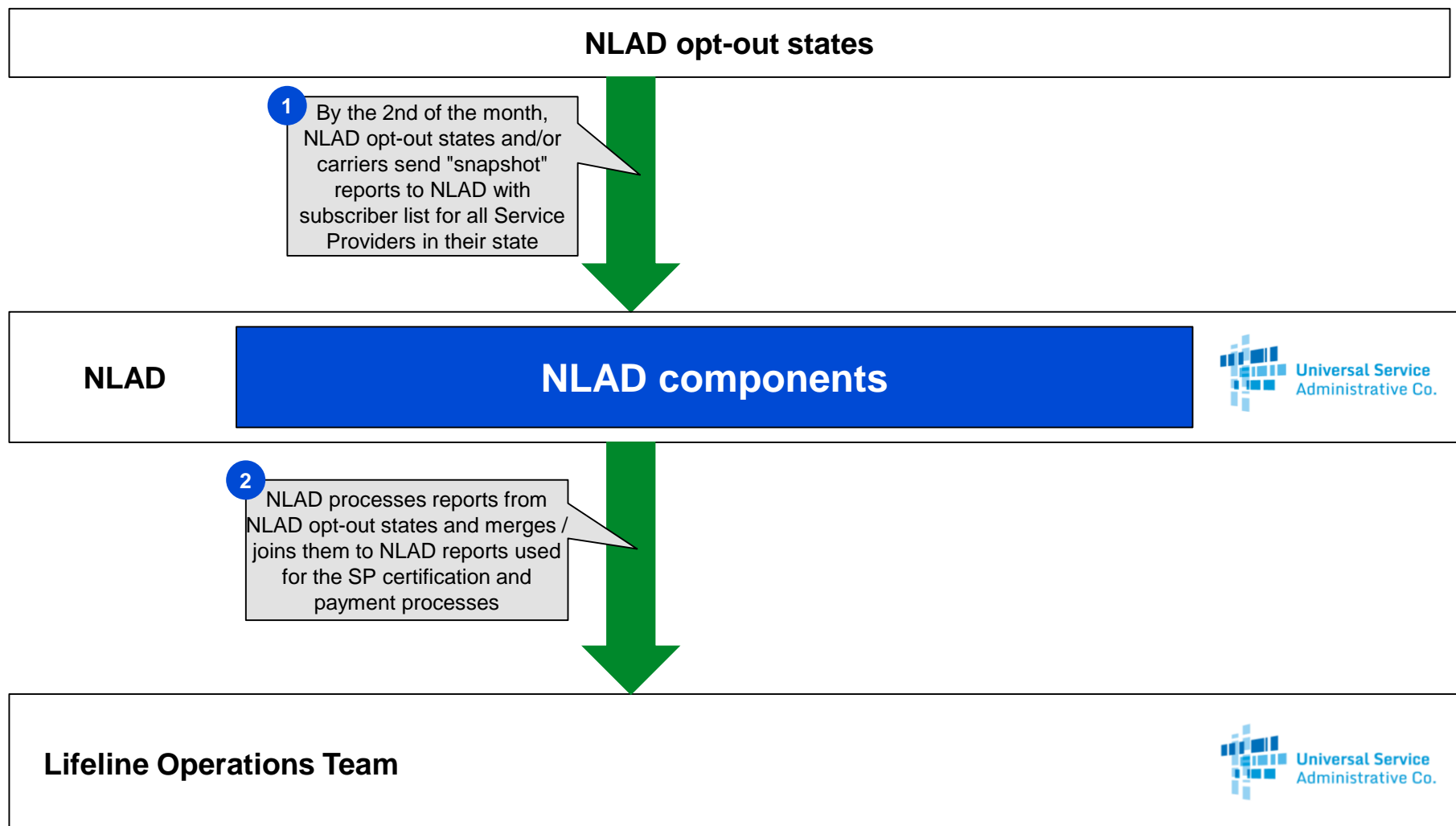
# Subscriber information update process (e.g., name change, address change, change to tribal status)



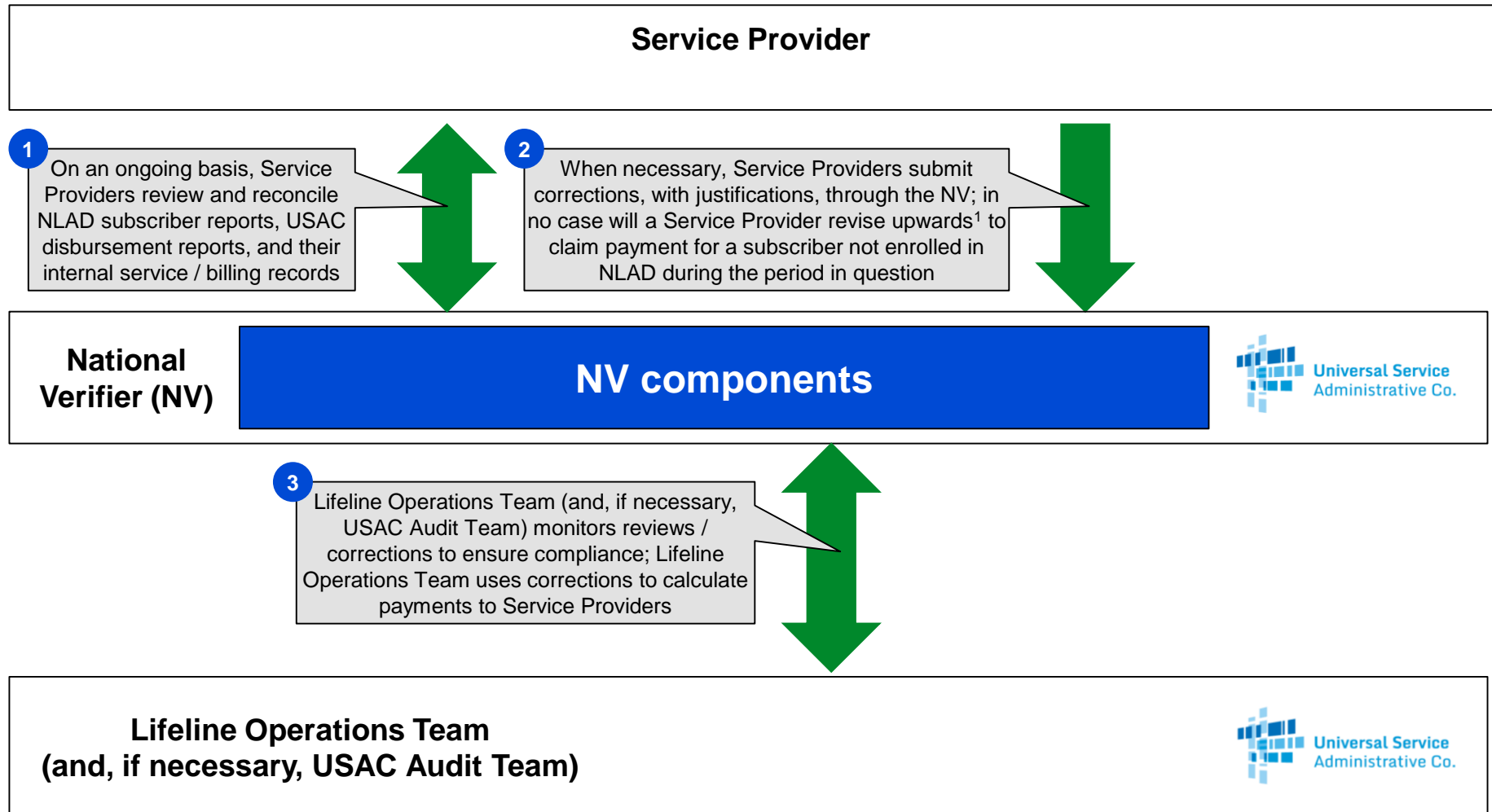
# Process for calculation and disbursement of payments to Service Providers



## Receipt of subscriber information (for payment calculations) from NLAD opt-out states



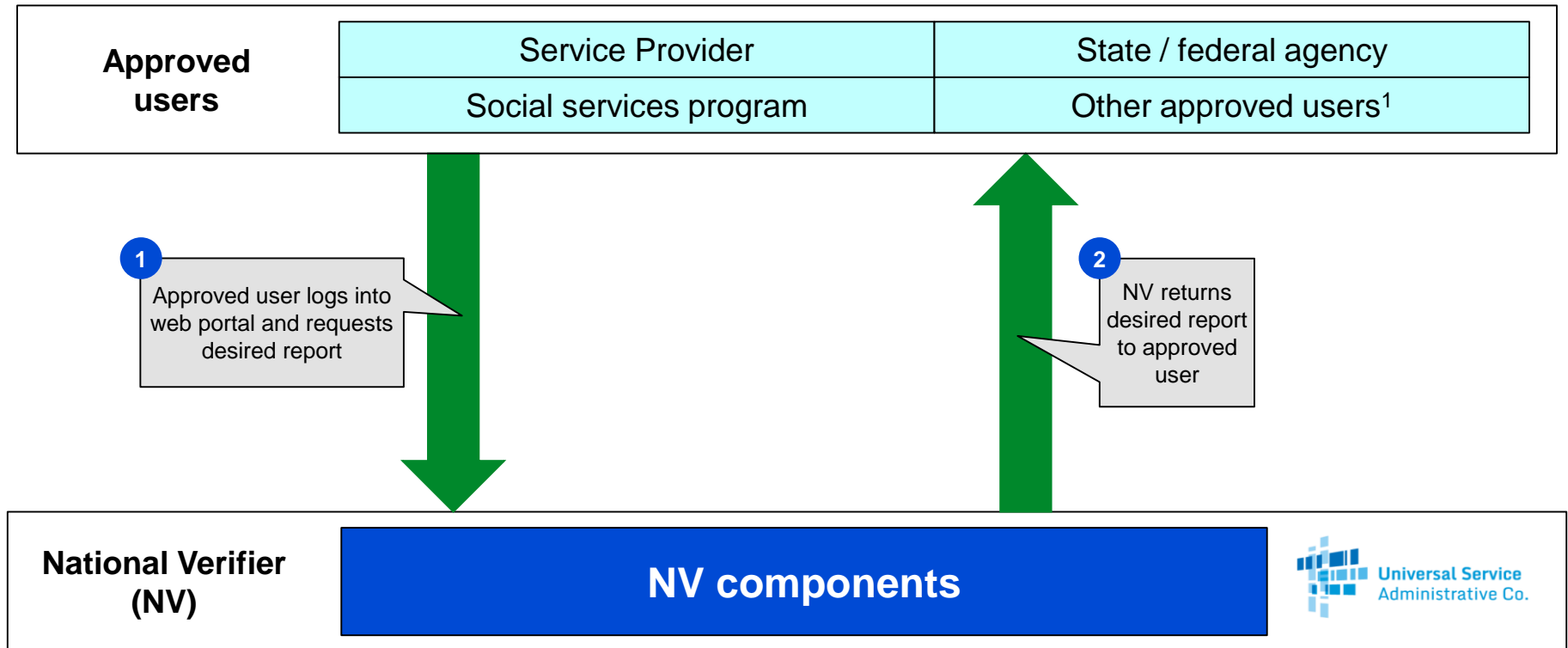
## Process for Service Providers to review and submit revisions / corrections to prior payments



1. Service Providers can never claim payment for someone who was not on the "snapshot report" for a given month  
Note: Disbursements to occur within regular payment cycles; revisions must take place within administratively mandated windows

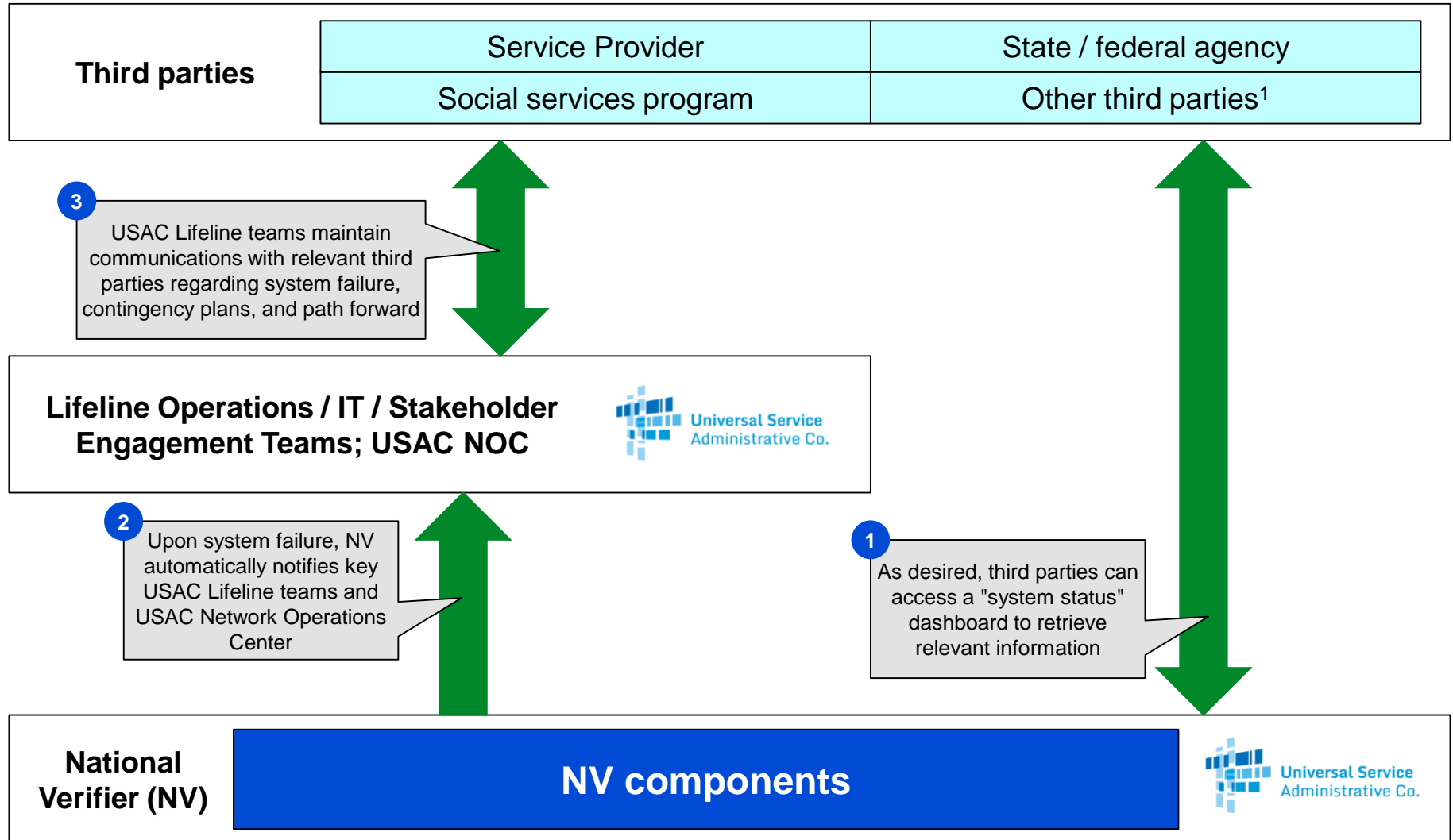


## Reporting functionality



1. As designated by USAC

## National Verifier system(s) failure notification process



1. As designated by USAC

## Ongoing auditing process

**Consistent with current practices, USAC and the FCC will continue to conduct audits and reviews with respect to the Lifeline program to safeguard the program. USAC's audit program includes three components:**

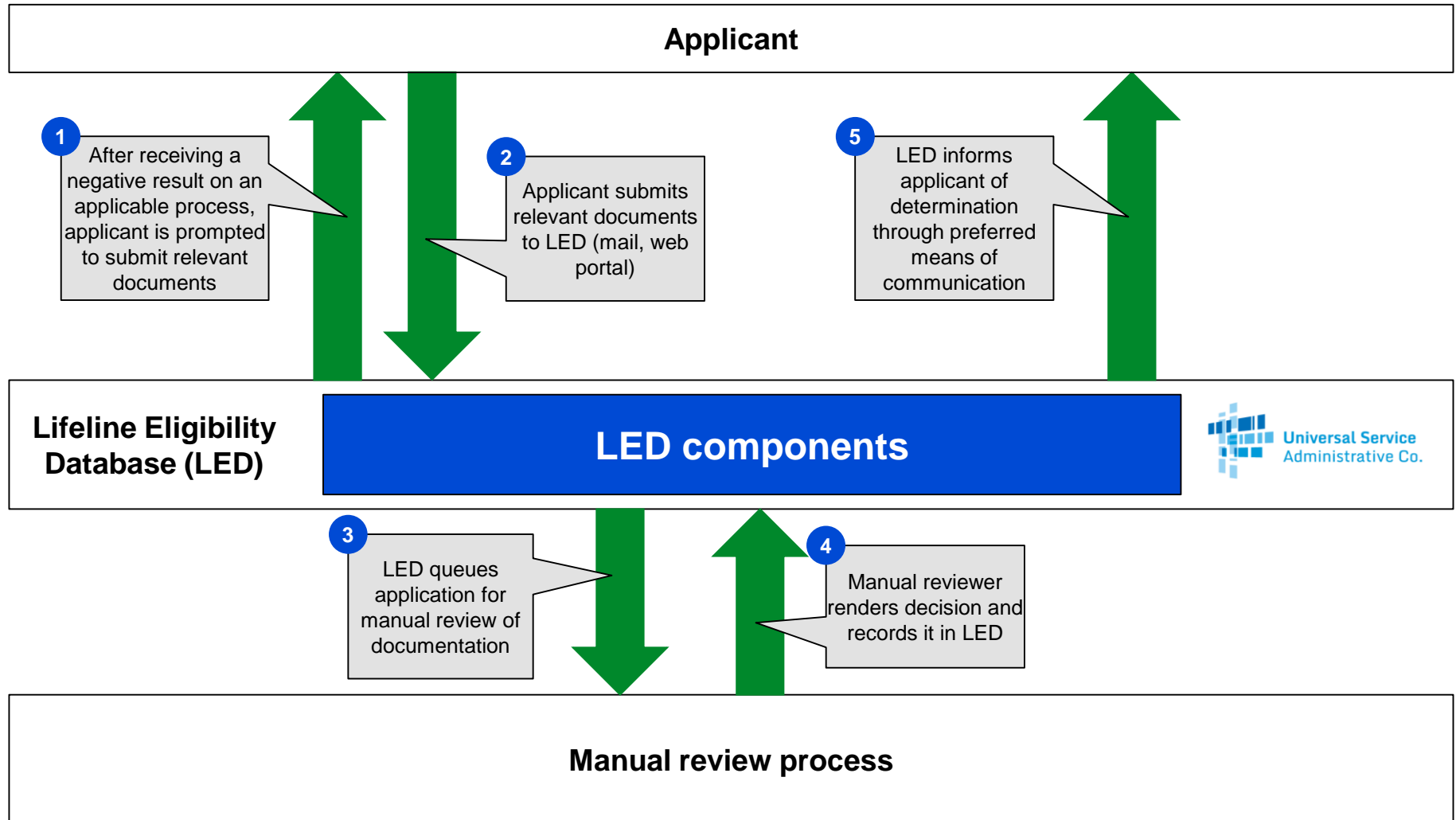
- Beneficiary and Contributor Audit Program (BCAP) – random, targeted and risk based audits, which obtain and review documentation from Service Providers to ensure overall compliance and recommend actions to increase future compliance.
- Payment Quality and Assurance (PQA) – statistically valid sample of specific payments made to Service Providers to determine if payments were made in accordance with FCC rules. Results are used to report improper payment rates.
- Corporate Assurance (CA) – assess the design of the National Verifier as to its functionality, integrity, confidentiality, and availability.

Currently, audits and reviews include validating the number of subscribers reported on the FCC Form 497, ensuring the eligibility of the Service Provider and the subscriber, ensuring appropriate pass through of the benefit from the Service Provider to the subscriber, and reviewing documentation evidencing required certifications.

**USAC will work with the FCC to update audit and review procedures to reflect the new requirements and National Verifier processes.<sup>1</sup>** ETCs remain primarily responsible for ensuring submissions for Lifeline support are accurate.

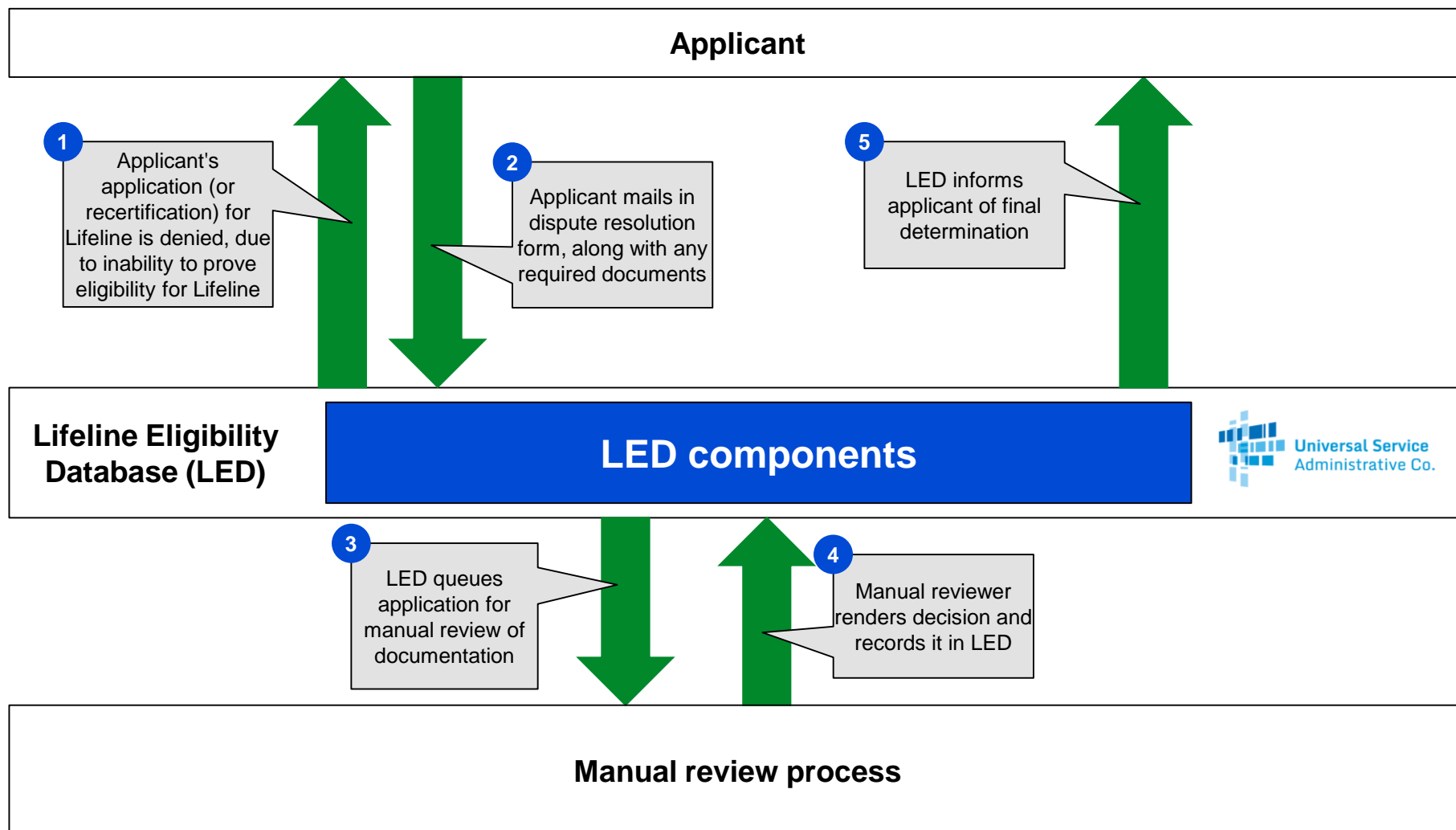
1. As the National Verifier will not deploy until December 2017, USAC is currently implementing a number of program integrity initiatives to remediate issues from recent audit findings and address requests from the FCC Chairman. The Chairman requested specific safeguards in a letter to USAC dated July 11, 2017.

## TPIV / AMS / port freeze dispute resolution



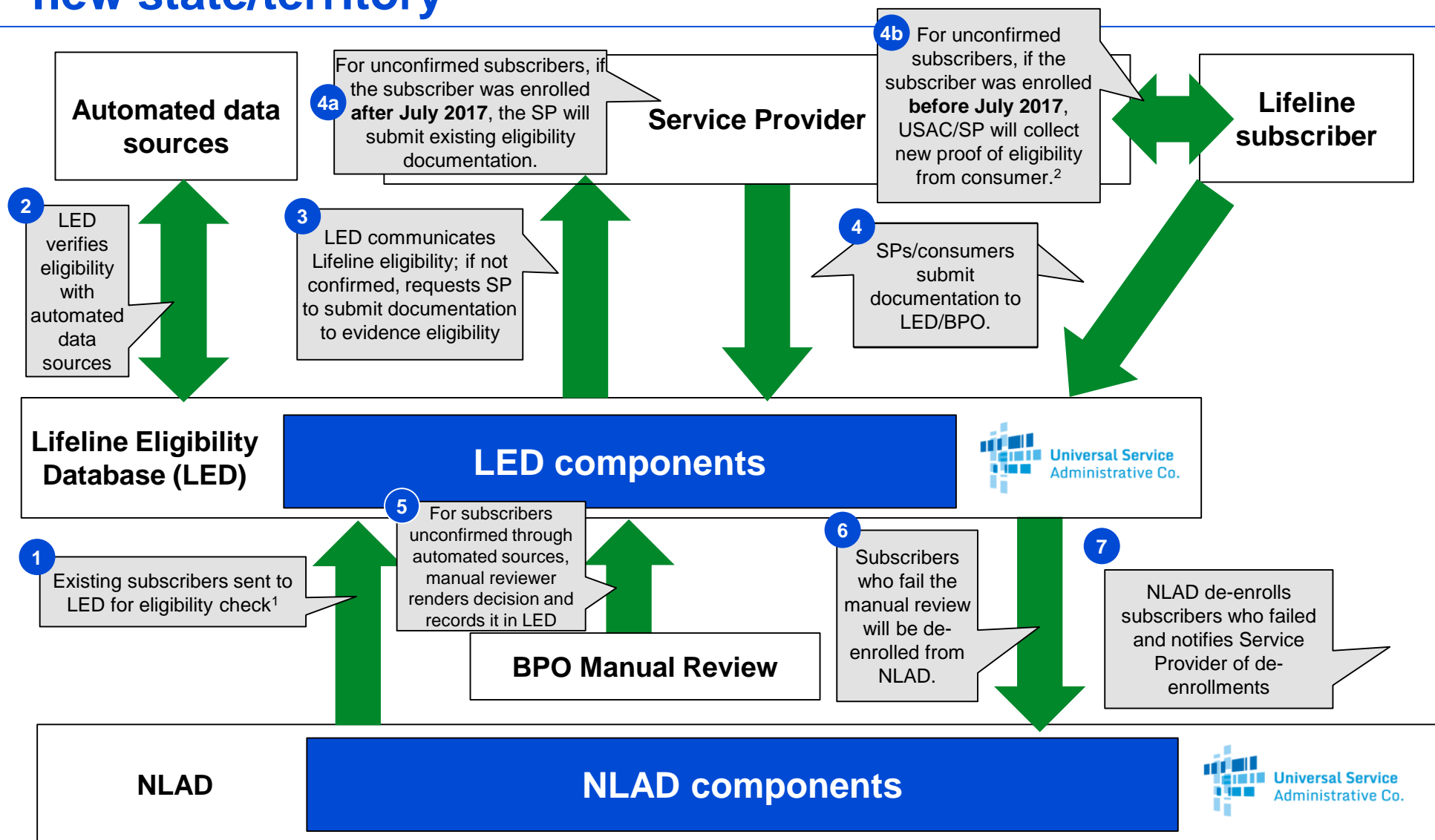
Note: Dispute resolution is distinct from the standard manual review process, as dispute resolution occurs after the NV / USAC has rendered a formal decision (e.g. a decision that an applicant has failed TPIV after the standard manual review process, a determination of eligibility / ineligibility for Lifeline). Dispute resolutions and standard manual review will have distinct SLAs. SPs will likely be able to view the results of standard manual review and dispute resolution processes for their current subscribers, as well as applicants who applied through the SP's API.

## Eligibility / recertification dispute resolution



Note: Dispute resolution is distinct from the standard manual review process, as dispute resolution occurs after the NV / USAC has rendered a formal decision (e.g. a decision that an applicant has failed TPIV after the standard manual review process, a determination of eligibility / ineligibility for Lifeline). Dispute resolutions and standard manual review will have distinct SLAs. SPs will likely be able to view the results of standard manual review and dispute resolution processes for their current subscribers, as well as applicants who applied through the SP's API.

# Migration of existing subscribers when NV launches in a new state/territory



1. When the National Verifier launches in a new state/territory, all existing subscribers will be verified. The existing subscriber list for that state/territory in NLAD will be verified against LED. 2. USAC will give the service provider the choice to collect documentation from the consumer directly or elect USAC to collect documentation from the consumer.

# Migrating Existing Consumers to the National Verifier

**When the National Verifier launches in a state, all Lifeline customers in that state will be migrated. The migration process will include:**

**1. An automated eligibility check**

- Each customer will be checked against the available eligibility databases

**2. If a customer cannot be verified automatically:**

- For enrollments from July 1, 2017 or later, the service provider will submit documentation for BPO review
- For enrollments prior to July 1, 2017, documentation will be collected from consumers by either USAC or service provider (service provider's choice)

**3. If USAC cannot verify a customer's eligibility through these methods, the customer will be de-enrolled**

**4. Migration will fulfill the recertification requirement for subscribers with anniversary dates from January through June 2018. The new National Verifier recertification process will resume for subscribers with July 2018 anniversary dates.**

**For migration, service providers will be responsible for:**

- Reviewing the results of the NV database check in NLAD, identifying failed customers
- Obtaining documentation for failed customers (unless they elect USAC)
- Providing documentation to USAC via direct upload to consumer account, mail, or in batches via SFTP file, CD, or flash drive.

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## Computer Matching Agreement: Executive summary

**This section describes the process for gaining access to the data required for eligibility verification of consumers applying to the Lifeline program.**

**This process culminates in agreements between USAC, the FCC, and the entities who maintain benefit data that can determine if an applicant is enrolled in a qualifying program.**

**These computer matching agreements set the standard for data usage, storage, privacy, security, and liability and will impact the design of the NV.**

**Developing, implementing, and maintaining the computer matching agreements is complex and will require close coordination with all parties, as well as strong project management at USAC.**

## The National Verifier interacts with distinct data sources to answer each question in the application process

Application question		Activity to complete	Data source
1	Does your personal information pass identity verification?	Check applicant PII against third party identity verification system (TPIV); conduct AMS verification	NLAD
2	Are neither you nor anyone in your household currently receiving Lifeline?	Check applicant PII against those already enrolled in Lifeline	NLAD
3	Are you eligible for the Lifeline program?	<b>1st Step:</b> Check applicant PII against automated data sources to determine if they are enrolled in a qualifying benefit program	<div> <b>1st Step:</b> Federal or state data sources of qualifying programs           </div> <div> <i>Focus of this section</i> </div> <div> <b>2nd Step (if necessary):</b> Eligibility documents from qualifying programs           </div>
4	Are you still eligible for the Lifeline program after one year?	<b>2nd Step (if necessary):</b> Conduct manual review to determine eligibility	

**USAC is actively pursuing connections to federal and state qualifying program data sources for automated eligibility verification**

## To obtain access to data sources, USAC is working with state and federal agencies

**To satisfy the Modernization Order, USAC aims to automate eligibility verification as much as possible by developing computer matching agreements with state and federal agencies.**

- USAC has been reaching out to discuss the National Verifier with relevant state and federal agencies who administer qualifying programs.

**Agencies have provided insights to USAC about their requirements for conducting automated verification, including:**

- Data use and storage stipulations;
- Data security and privacy standards; and
- Technical requirements for connecting to data sources.

**USAC is in the process of establishing computer matching agreements with state and federal agencies.**

- USAC is making strong progress with a number of states and is excited to announce in August 2017 the states that will participate in the initial launch.
- USAC and the FCC have established a computer matching agreement with the Department of Housing and Urban Development (HUD) and will therefore use HUD data starting in December to verify eligibility.

# Achieving computer matching agreements with state and federal agencies is a complex process

## Complexities for developing computer matching agreements include:

- Each state and federal agency has different regulations and policies, which USAC is committed to meeting.
- Detailed legal, federal, privacy, and IT requirements require several rounds of discussion to fully understand the unique needs of each entity.
- The level of technical specification requirements included in each entity's computer matching agreement varies widely.
- Specifics of the data available from each entity must be fully understood to design and perform matching for a yes / no eligibility result.
- Not all entities use the same technical data usage / linking method (e.g., API vs. Batch<sup>1</sup>).

## **USAC is working closely with state and federal agencies to manage this complex environment**

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**Many common requirements across entities can be aligned to standardize and streamline data usage processes.**

**For state or federal requirements that vary, USAC will aim to observe the strictest requirements when developing the NV to ensure compliance.**

**Short term, narrow use agreements for data sampling or prototyping are being created to test data matching or other technical approaches.**

**USAC has built a cross-functional team to develop computer matching agreements and maintain relationships with state and federal agencies to ensure compliance with computer matching agreements once finalized.**

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## Data security / storage: Executive summary

**Privacy and data security have been key considerations throughout the development of the National Verifier and its associated processes.**

- USAC's Privacy and Security Teams have been, and will continue to be, key contributors and integral partners throughout the design process.
  - USAC employs a Chief Privacy Officer and a Chief Information Security Officer to ensure compliance with all privacy and security requirements and recently increased capacity in those areas.
- USAC will ensure that the National Verifier adheres to all applicable federal and state security standards, inclusive of any vendors or contractors who may work on or with the NV.

**The National Verifier and its associated processes have been designed to minimize risks stemming from data storage.**

- The National Verifier will collect the minimum amount of data that is required to successfully execute on its goals.
- USAC will maintain an appropriate data retention policy for all applicant / subscriber data.
  - All data retention policies will comply with USAC and FCC records schedule(s).

## Data security: Design goals for the NV

- ✓ Work closely with USAC's Privacy and Security Teams (and, where needed, external experts) throughout the design process; going forward, we will continue to leverage them as an integral part of standing up the NV.
- ✓ Adhere to all state / federal requirements as outlined in any computer matching agreement(s) reached with data sources.
- ✓ Comply with all applicable federal data security and privacy laws, including working with the FCC to publish a System of Records Notice (SORN) in the Federal Register, conducting a Privacy Impact Assessment of the NV, and fully complying with FISMA regulations.
- ✓ Employ sufficient security measures to protect all data within the NV.
- ✓ Ensure that security policies apply to USAC and any vendors that work on the NV.
- ✓ Use sophisticated analytics of the transactions generated by the NV to actively prevent fraud.
- ✓ Minimize data storage to the extent possible in order to mitigate associated risks.
- ✓ Align our data retention policy to the records schedule mandated by the FCC.
- ✓ Secure all data retained while ensuring cost-effectiveness of data retention.



## **Data storage:** The NV is designed to minimize data storage to the extent possible in order to limit exposure to risk

### **Subscriber / process information:** Keep limited information (including some PII)

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#### **Information provided by applicants**

- **Name (First, Last)**
- **Address**
- **Date of birth**
- **Social Security Number (last four digits)**
- Eligibility for enhanced tribal subsidy
- Self-reported qualifying program(s)
- Preferred method of communication
- Contact information (e.g., phone, email)
- Type of service (e.g., broadband, mobile)
- Submitted documents (e.g., for manual review)

Fields typically transmitted to query eligibility sources

#### **Data generated through National Verifier processes**

- Yes / no decision on eligibility from each data source queried (i.e., each program)
- Date of verification
- Application channel (e.g., mail, web portal)
- Name and unique ID of individual SP employee performing any transaction

### **Batch files:** Securely delete data after creating local databases

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#### **In certain scenarios, states and/or central data sources will provide batch files of data rather than connection to a data source**

- Batch files will be updated at regular intervals
- To the extent possible, we will arrange to receive batch files that contain no excess information

#### **After we build a queryable database, we will securely delete the original batch file**

- Deletion procedures will comply with applicable federal and state standards and with any provisions in computer matching agreements

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## Tech systems / tools: Executive summary

**A critical piece of the Modernization Order is the creation of IT systems and software to centralize Lifeline eligibility determination and simplify the experience for users.**

**In this section, we outline the steps towards creation of the National Verifier IT solution, including:**

- Approach to outsource the LED build, given strict deadlines and broad capabilities required; and
- Vendor management activities to ensure success of the National Verifier build / rollout.

**We are currently in the procurement process to select a BPO vendor who will establish processes for manual review, integrated with the full LED solution. The BPO vendor is scheduled to be on board by third quarter 2017.**

**As we develop the User Interface (UI) / User Experience (UX) of the National Verifier, we are gathering input (including testing) from stakeholders to ensure that the NV meets user needs.**

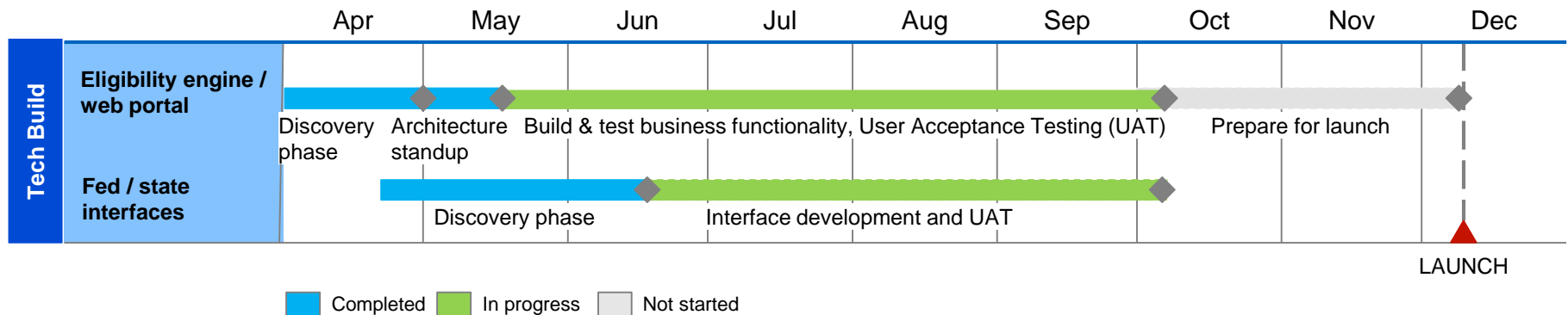
- The consumer-facing UI/UX will be designed for desktop, smartphone, and tablet devices, and will be designed to meet stringent accessibility requirements (i.e., 508 compliance).

## Tech Build Schedule (March – December 2017)

We hired a third party systems integrator (SI) in First Quarter 2017 to build the NV solution.

Scope of work for the SI includes the following activities to be completed by December 2017:

- ✓ Technical architecture stand-up (Complete)
- ✓ Stakeholder assessment, training needs assessment, and training and communication plan (Complete)
- ✓ Building and testing system functionality and usability (In process and on track)



# Per the FCC Modernization Order, IT systems are being created to centralize / streamline eligibility determinations

## Eligibility

### Lifeline Eligibility Database (LED)

- One eligibility engine with many functions:
  - Query qualifying program data sources to determine eligibility;
  - Store yes / no eligibility results; and
  - Queue applications to BPO for manual review when necessary<sup>1</sup>
- Portals for eligibility verification (e.g., consumer web portal, batch uploads)

***New build required***

## Enrollment

### National Lifeline Accountability Database (NLAD)

- Database of all enrolled Lifeline subscribers for calculating payments to SPs;
- Services to check duplicate subscribers / addresses and verify identity; and
- Portal for subscriber updates

***Updates required***

**From a technical standpoint, LED and NLAD will be tightly integrated as part of the single National Verifier solution to ensure a streamlined experience**

1. For example, income verification or when applicant not found automatically in federal / state data sources

## USAC has outlined specific tool requirements for implementing the National Verifier

Tool category	Functional need
Process management	<ul style="list-style-type: none"><li>• Comprehensive program management and KPI tracking across all aspects of the National Verifier, for senior leadership visibility and course correction</li><li>• Best practice IT development project management and issue tracking / code review</li></ul>
IT infrastructure	<ul style="list-style-type: none"><li>• Cloud platform for scalable transaction and document handling</li></ul>
Core IT software	<ul style="list-style-type: none"><li>• Underlying software application (middleware) to interface data sources and implement workflows</li><li>• Identity authentication, API access, and user account management</li><li>• Ticketing disputes, errors, output to BPO, etc.</li></ul>
Code quality / vendor mgmt	<ul style="list-style-type: none"><li>• Assessment of code quality and system-level architecture for SI vendor management, including for award fee determination</li></ul>
Consumer service	<ul style="list-style-type: none"><li>• Ticketing manual reviews, disputes, consumer interactions / calls, etc.</li><li>• Efficient document intake for review / digital storage</li><li>• Automated call-in options (e.g., for recertification)</li></ul>

**USAC and the SI vendor collaborated to select specific tools to satisfy these needs. All tools have been selected and are currently being implemented.**

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## Org structure / staffing: Executive summary

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**In preparation for the launch of the National Verifier, USAC is expanding internal capacity and leveraging support from outside vendors.**

**On an enterprise-wide basis, USAC is adding capacity to support NV.**

**Additionally, we have brought on a quality vendor for the LED system build and are in the process of procuring a vendor for other outsourced operations.**

- Systems integrator to build LED system with project management oversight from Lifeline team; and
- BPO to handle consumer support call center and manual processes.



# The Lifeline org structure needs to transform in order to support changing goals during each phase



## Development and Transition

## Steady state

### Goals

**Build and launch a functional NV with all states enrolled by December 2019**

- Meet deadlines outlined in FCC Modernization Order; and
- Manage transition to new system.

**Sustain a reliable NV nationwide**

- Increase long-term efficacy and cost-effectiveness of Lifeline; and
- Gradually introduce next-gen functionality.

### Enablers

- Fast-decision making;
- Flexibility;
- Leveraging external resources; and
- Team collaboration.

- Clear governance and accountability;
- Development of internal expertise; and
- Specialization.

# USAC teams are building capacity to develop, launch, and maintain the National Verifier

	Team	New capabilities stood up through all phases
Lifeline	<b>Solutions delivery and project management</b>	<ul style="list-style-type: none"> <li>• Standing up new team for developing long-term strategy and tracking KPIs as Lifeline adapts to the shifting needs of its subscribers and stakeholders;</li> <li>• Hiring flexible FTEs to provide needed capacity as Lifeline team surges in the development and transition phase; and</li> <li>• Building project plan and refining timeline for tracking milestones across Lifeline teams.</li> </ul>
	<b>Program integrity</b>	<ul style="list-style-type: none"> <li>• Refining review and analytic procedures to detect waste, fraud, and abuse associated with eligibility verification processes</li> </ul>
	<b>Operations</b>	<ul style="list-style-type: none"> <li>• Conducting thorough RFP bidding process to optimize for vendor quality and risk mitigation; and</li> <li>• Standing up strong vendor management structure to manage systems integrator and BPO.</li> </ul>
	<b>User Support</b>	<ul style="list-style-type: none"> <li>• Expanding team to ensure proactive state / federal, SP, and consumer group outreach; and</li> <li>• Increasing capacity to cultivate strong relationships with states and federal agencies.</li> </ul>
USAC enterprise level	<b>Information technology</b>	<ul style="list-style-type: none"> <li>• Including IT members on vendor mgmt. for IT knowledge transfer between SI and Lifeline; and</li> <li>• Providing technical expertise and insight to the vendor management team.</li> </ul>
	<b>Privacy and Security</b>	<ul style="list-style-type: none"> <li>• Enhanced capacity in Privacy and Security teams (e.g., dedicated Chief Privacy Officer and Chief Information Security Officer to ensure compliance with all privacy / security requirements)</li> </ul>
	<b>General counsel</b>	<ul style="list-style-type: none"> <li>• Adding addl. capacity to review computer matching agreements from state and federal agencies; and</li> <li>• Meeting increased data use agreement compliance needs.</li> </ul>
	<b>User Support</b>	<ul style="list-style-type: none"> <li>• Providing expert user interface and user experience methodologies to support stakeholder engagement with consumers and SPs</li> </ul>

# Lifeline is also procuring third-party support to ensure smooth NV launch and operations

	Capabilities	Lifeline Vendor Management Plan
<b>Systems Integrator</b>	<p><b>Development of an integrated eligibility engine to:</b></p> <ul style="list-style-type: none"> <li>• Process applications;</li> <li>• Conduct automated eligibility verification; and</li> <li>• Queue applications for manual review when necessary.</li> </ul> <p><b>Development of user-friendly application portals</b></p>	<ul style="list-style-type: none"> <li>• Conduct a thorough RFP bidding process to optimize for vendor quality and risk mitigation (in progress);</li> <li>• Stand up vendor management structure to project manage build;</li> <li>• Stand up governance structure to facilitate decision making;</li> <li>• Proactively track KPIs and project milestones during system build; and</li> <li>• Ensure regular knowledge transfer from vendor to internal Lifeline teams.</li> </ul>
<b>BPO</b>	<p><b>Manual processes and consumer call center to:</b></p> <ul style="list-style-type: none"> <li>• Conduct manual eligibility reviews when automatic checks fail;</li> <li>• Receive and process mail-in applications and IVR recertifications; and</li> <li>• Support communication methods (e.g., mail recert. notices).</li> </ul> <p><b>General consumer support, including for all dispute resolutions</b></p>	<ul style="list-style-type: none"> <li>• Conduct a thorough RFP bidding process to optimize for BPO quality and risk mitigation;</li> <li>• Stand up a vendor management team for surveillance over BPO processes;</li> <li>• Stand up vendor governance structure to facilitate decision making; and</li> <li>• Proactively track KPIs for performance management across BPO processes.</li> </ul>

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## Business case: Executive summary

**The National Verifier aims to increase program integrity and reduce cost and complexity through more automated enrollment, recertification, and reimbursement processing.**

- Strong program integrity: Eligibility verification now conducted by the NV reduces the potential for waste, fraud, and abuse.
- Reduced complexity: More automated and streamlined processes reduce time and effort required.
- Lower cost: SP costs are reduced as they no longer conduct eligibility verification; state costs may also be reduced for eligibility verification based on partnership with the NV.

**We have estimated costs associated with the National Verifier, a significant green-field development, and will continue to refine the assumptions.**

- We have estimated the budget to run NV is approximately \$50M by steady state in 2020.
- We expect that the largest portion of this budget, approximately \$30M, will be spent on direct verification costs annually.
  - This is half of the estimated \$50-70M that Service Providers currently spend on direct verification costs annually.

**The NV costs are also expected to be significantly less than the amount saved from reducing waste, fraud, and abuse.**

## Recall: The National Verifier is designed to deliver on three main goals

1

### Stronger Program Integrity



- Independent eligibility verification, with more automatic checks, conducted directly by USAC to reduce waste, fraud, and abuse
- Single eligibility system to audit and report on potential fraud metrics
- Streamlined, consistent processes to distinguish mistakes from waste, fraud, and abuse

2

### Reduced Complexity



- Streamlined access to eligibility information for Service Providers
- States relieved of maintaining computer matching agreements and interfaces with multiple SPs
- More automatic checks of data sources to determine eligibility
- Central source of program information and support for consumers

3

### Lower Cost



- SPs relieved of eligibility verification burden
- Lower cost to aggregated system due to more streamlined processes:
  - More automated verification to reduce costly manual reviews; and
  - More automated recertification to reduce costly outreach

## The NV will be designed to reduce the opportunity for waste, fraud, and abuse in the Lifeline program

A lot has been learned from administering the Lifeline program to date, including ramping down from landline to wireless voice service, and through the implementation of duplicate checking procedures.

The FCC created the National Verifier in recognition of the challenges in the current model and the opportunities to better address areas of risk in the program.

USAC and the FCC are continuing to improve the integrity of the Lifeline program by shifting eligibility verification from Service Providers to USAC.

The National Verifier will be the neutral, third-party determiner of applicant eligibility.

The NV will make several major changes to strengthen program integrity, including:

- Service Providers will no longer perform manual document reviews for failed identity checks or failed duplicate address checks.
- Service Providers will no longer perform dispute resolution.
- Service Providers will be reimbursed exclusively based on the list of claimed subscribers in NLAD and not through a separate claim (Form 497).
- The National Verifier will develop consistent forms and processes for subscriber certification.
- The National Verifier will record service provider sales agent information in order to log agent activity

1. As the National Verifier will not deploy until December 2017, USAC is currently implementing a number of program integrity initiatives to remediate issues from recent audit findings and address requests from the FCC Chairman. The Chairman requested specific safeguards in a letter to USAC dated July 11, 2017.

## The NV will also be designed to reduce process complexity for consumers, states, and service providers

Stakeholder	Current Processes	Future Process Improvements due to NV
Consumers	Application and submitting documentation	Consistent experience regardless of service provider and fewer documents to submit
	Primarily manual self-certification	Primarily automated recertification
	Various Service Provider and state specific forms	Standardized forms
States	Signing computer matching agreements with Service Providers	Computer matching agreements with USAC/FCC
Service Providers	Managing varied eligibility processes and databases across the states	Interact only with the NV
	Application intake	Limited application processing
	Eligibility verification	NV conducts eligibility verification
	Recertification outreach and submission of Form 555	Limited recertification outreach
	Submitting Form 497	Reimbursement directly linked to NLAD



# The National Verifier requires a significant investment to protect program integrity for Lifeline

**The National Verifier is a green field development of significant scale.**

- USAC is standing up an integrated operation that is currently disaggregated across 1200+ SPs.

**USAC will need to develop a sophisticated tech solution for eligibility verification.**

- LED and NLAD will become an integrated system that links eligibility verification, enrollment, and payment processes, which are currently separate systems and processes.
- LED will interface with several federal and state data sources with various eligibility response methods to automate verification as much as possible; interfaces will be built over the next three years and updated on an ongoing basis.
- The NV will be designed to meet best practices for data privacy and security.
- USAC has procured an expert systems integrator vendor to build, test, and launch this solution.

**USAC will also need a full service vendor to conduct millions of manual reviews where needed and to provide end-to-end consumer support.**

**USAC will be processing approximately 15M applications and conducting recertification for 13M<sup>1</sup> subscribers annually.**

- The NV will be designed to be highly scalable from a capacity perspective, so that it can accommodate increases in the number of applicants, subscribers, and transaction requests.

**This requires standing up an enterprise wide, cross functional team with new capabilities required to manage this large scale operation.**

1. Currently, USAC only conducts annual recertification for 300K subscribers

# There are several components critical to the successful operation of the National Verifier to meet program goals

## Components of a successful National Verifier

Verification	<ul style="list-style-type: none"> <li>• Fast application processing for all new applicants;</li> <li>• Near real-time automated eligibility verification;</li> <li>• If automated verification is not possible, manual reviews; and</li> <li>• Effective annual recertification outreach for the existing 13M subscribers</li> </ul>	<b>Functions disaggregated across 1,200+ SPs</b>
Consumer support	<ul style="list-style-type: none"> <li>• Responsive, full-service consumer support call center and web channels</li> </ul>	
Tech systems / tools	<ul style="list-style-type: none"> <li>• New integrated LED / NLAD system interfacing with federal / state data sources;                             <ul style="list-style-type: none"> <li>– Enables identity, duplicate, and automated eligibility verification</li> </ul> </li> <li>• Streamlined interfaces / application channels for consumers and SPs;</li> <li>• Accurate reimbursement processing based on NLAD; and</li> <li>• Flexible reporting functionality for all stakeholders</li> <li>• Data analytics in support of preventing fraud, waste and abuse.</li> </ul>	
Human capital	<ul style="list-style-type: none"> <li>• Additional USAC-wide resources required to support NV; and</li> <li>• Expert vendors hired to augment internal resources</li> </ul>	

**The NV will provide complete eligibility verification services, assuming costs currently incurred by 1,200+ SPs**

# Total budget to run NV ~\$40-55M by steady state in 2020

Build costs expected to be ~\$35-40M (spent over 3 years)

*Preliminary: Model based on best assumptions available at this time: to be refined as data become available*

**National Verifier build grand total (\$)**  
(costs incurred over ~3 years)

~\$35-\$40M

## Budget Estimate for the National Verifier<sup>1</sup> – Steady state in 2020

### Assumptions for steady state:

- The NV has launched nationwide;
- All available federal / state data sources are integrated; and
  - Large majority of eligibility verifications are automated
- Approximately 15M applicants and 13M subscribers (similar to today).

#### Verification:

- Application processing;
- Eligibility verification (automated / manual); and
- Recertification outreach.

~ \$25-30M

See comparison to current costs incurred by SPs on next slide

#### Consumer support

~ \$10-15M

#### Tech systems / tools:

- LED / NLAD ops & maint. (including IT FTEs); and
- Hardware / software license costs.

~ \$4-6M

#### Human capital:

- Lifeline FTEs;
- USAC FTEs; and
- Outside FTEs.

~ \$3-5M

Costs will grow from now until 2020 as more states launch NV

**Operations grand total (\$)**

~\$40-\$55M

1. Budget based on current volumes; cost estimates based on interviews with Service Providers and state administrators

# Deep dive: NV direct verification costs are expected to be half of direct verification costs currently incurred by SPs

## Efficiencies gained by the National Verifier

### Increased automated verification for enrollment

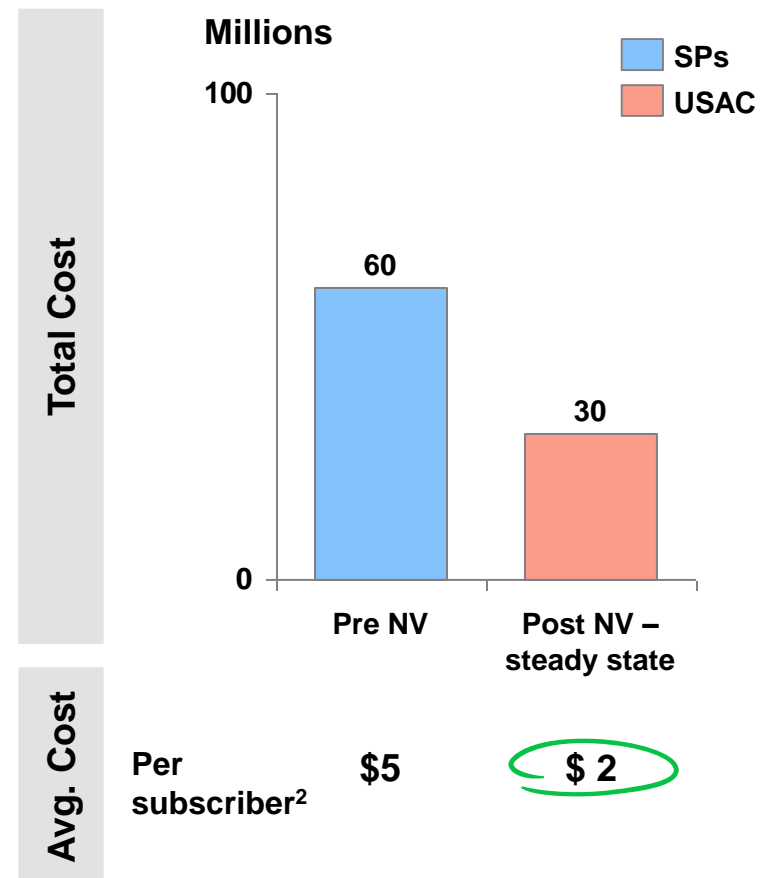
- Automated API link to federal and state data sources where possible; and
- Costly manual verification only if applicant is not found in a data source.

### Automated verification and notification for recertification

- Costly outreach (e.g., mail and reminder calls / texts) only if subscriber is not found in a data source.

### Larger volumes enable efficiencies of scale and drive down costs.

## Estimated direct verification cost savings<sup>1</sup>



1. Only includes enrollment and recertification costs for automated and manual verification; does not include consumer support, tech systems, or human capital costs.

2. Assumes current 13M subscribers both pre-NV and post-NV.

Note: In some states, third parties administer eligibility verification and incur costs

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## KPIs / Metrics: Executive summary

**Establishing the right KPIs / metrics is critical to monitoring the success of this effort.**

**KPIs must measure the success of the National Verifier based on goals outlined in the Modernization Order:**

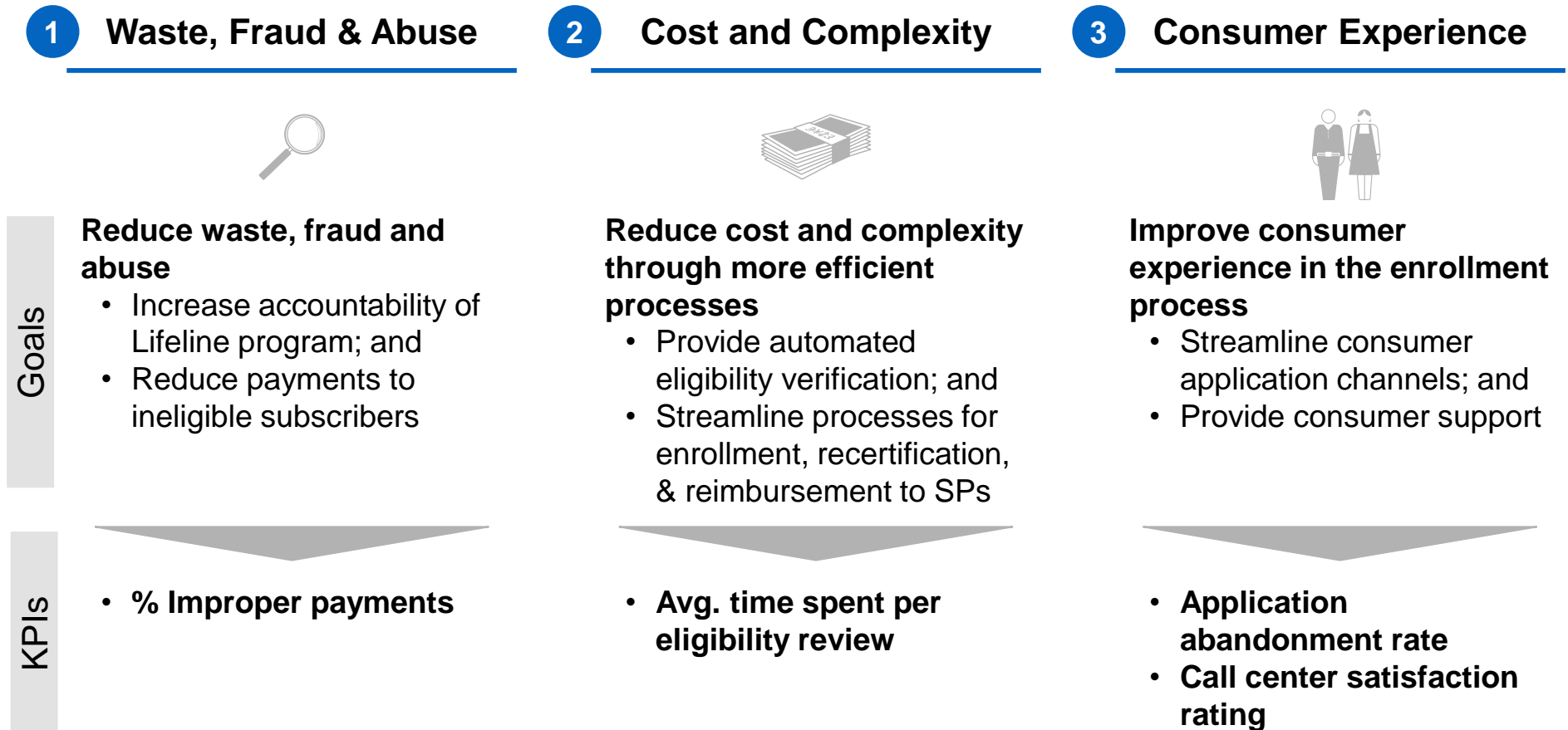
- Reducing waste, fraud, and abuse;
- Reducing cost and complexity; and
- Improving consumer experience.

**Thus far, we have identified four primary key performance indicators (KPIs) to be tracked by the Lifeline team on a regular basis:**

- Primary KPIs will be reviewed by USAC leadership and facilitate data-driven executive decision making.
- These KPIs complement broader Lifeline metrics that are tracked on a regular basis.
- The KPIs we track will evolve over time as we continue the rollout of the National Verifier.

**We will also monitor additional general program metrics (e.g., transaction volume, recertification percentage) to identify anomalies and outliers.**

# Four KPIs identified to date to measure the success of the National Verifier based on goals in the Modernization Order



**Leadership to review KPIs on a regular basis – will use dashboards to facilitate ongoing tracking**

## We will also use data analytics to track for anomalies and outliers across a number of general program metrics

### Trends monitored for waste, fraud, and abuse:

- Enrollment activity (e.g., access patterns / query volumes across different user types)
- Recertification rates across segments (e.g., self-recertification rates, % automated vs. manual recertification)
- Audit findings analysis (e.g., number and type of common findings from audits)

### Metrics monitored for consumer experience:

- Verification success rates (compared across different user types)
- Call center metrics (e.g., call volumes, complaint type)

**We will continue evaluating opportunities to conduct new analytics to strengthen program integrity<sup>1</sup>**

1. As the National Verifier will not deploy until December 2017, USAC is currently implementing a number of data analysis initiatives to remediate issues from recent audit findings and address requests from the FCC Chairman. The Chairman requested specific safeguards in a letter to USAC dated July 11, 2017.



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## Risk management: Executive summary

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**Strong risk management is vital to the success of the National Verifier.**

**To date, we have identified seven challenges that could impact the successful launch, build, and operation of the National Verifier.**

- We have identified relevant risks that could affect both the development / transition and steady state phases.
- Risk register will be continually updated as NV is operationalized.

**We identified mitigation strategies to proactively address each risk.**

- As we operationalize the National Verifier in 2017, we will assign an owner to each risk in order to ensure that mitigation strategies are updated and carried out effectively.

## Seven key risks identified for the National Verifier

- ① **Operations capacity management**
- ② **Systems integrator delivery**
- ③ **Emergency preparedness**
- ④ **Data breach preparedness**
- ⑤ **Availability of automated eligibility verification**
- ⑥ **Data source connections**
- ⑦ **Balancing system usability with program integrity**

## Risks and mitigation strategies (1/2)

Risk	Description	High-level mitigation strategy	Dev / Trans <sup>1</sup>	Steady State <sup>2</sup>
<b>1</b>  <b>Operations capacity management</b>	<ul style="list-style-type: none"> <li>There is inadequate operational capacity to effectively manage new processes and high volumes of eligibility verifications.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage experience / capacity of broader USAC staff (e.g., applying lessons learned from prior experiences, flex capacity as required).</li> <li>Use flexible BPO staffing model to scale capacity for manual reviews as necessary.</li> <li>Employ best practice vendor governance and training approaches to manage and train vendor</li> </ul>	✓	✓
<b>2</b>  <b>Systems integrator delivery</b>	<ul style="list-style-type: none"> <li>The systems integrator does not build LED solution that adequately meets standards.</li> </ul>	<ul style="list-style-type: none"> <li>Design SI contract terms to incentivize performance and hold vendor accountable to deadlines.</li> <li>Conduct a thorough RFP / procurement process to optimize for vendor quality.</li> <li>Stand up strong vendor management structure to manage project build.</li> </ul>	✓	
<b>3</b>  <b>Emergency Preparedness</b>	<ul style="list-style-type: none"> <li>A natural or man-made disaster occurs and hinders USAC or vendor operations.</li> </ul>	<ul style="list-style-type: none"> <li>Contract with an outside vendor with relevant subject matter expertise to develop thorough disaster preparedness and recovery plan.</li> <li>Develop and document periodic testing strategy and maintain proactive communication with vendors to ensure compliance .</li> </ul>	✓	✓

## Risks and mitigation strategies (2/2)

	Risk	Description	High-level mitigation strategy	Dev / Trans <sup>1</sup>	Steady State <sup>2</sup>
4	Data breach preparedness	<ul style="list-style-type: none"> <li>A data breach occurs that exposes consumer data.</li> </ul>	<ul style="list-style-type: none"> <li>Design all NV systems in compliance with federal data security and privacy laws and obligations under computer matching agreements.</li> <li>Frequently review, test, and update data breach and security measures and communicate plan with appropriate stakeholders.</li> <li>Chief Information Security Officer and Chief Privacy Officer will incorporate best practices for privacy and security.</li> </ul>	✓	✓
5	Availability of automated eligibility verification	<ul style="list-style-type: none"> <li>Data sources that can be used for automated eligibility are not available to USAC.</li> </ul>	<ul style="list-style-type: none"> <li>Design efficient manual review processes to use when automated sources not available .</li> </ul>	✓	✓
6	Data source connections	<ul style="list-style-type: none"> <li>Established state or federal data source connections fail.</li> </ul>	<ul style="list-style-type: none"> <li>Explore backup sources for automated eligibility verification.</li> <li>Use flexible BPO staffing model to scale capacity for manual reviews as necessary.</li> </ul>	✓	✓
7	Balance system usability with program integrity	<ul style="list-style-type: none"> <li>Program integrity objectives are sacrificed when building a user-friendly system (or vice versa)</li> </ul>	<ul style="list-style-type: none"> <li>Use targeted stakeholder feedback sessions to get customer, SP and state feedback on functionality and experience early in design phase.</li> <li>Integrate USAC resources with SI to drive feedback gathering, work feedback into system, and align with best practices.</li> <li>Communicate to stakeholders what feedback we could not incorporate and why (i.e. it may have sacrificed a program integrity goal).</li> </ul>	✓	✓

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## Transition management: Executive summary

**This section outlines the main actions required to successfully build and launch the National Verifier by the end of 2019.**

- Actions are divided into five core modules critical to successful development and transition.

**We first established a robust governance structure.**

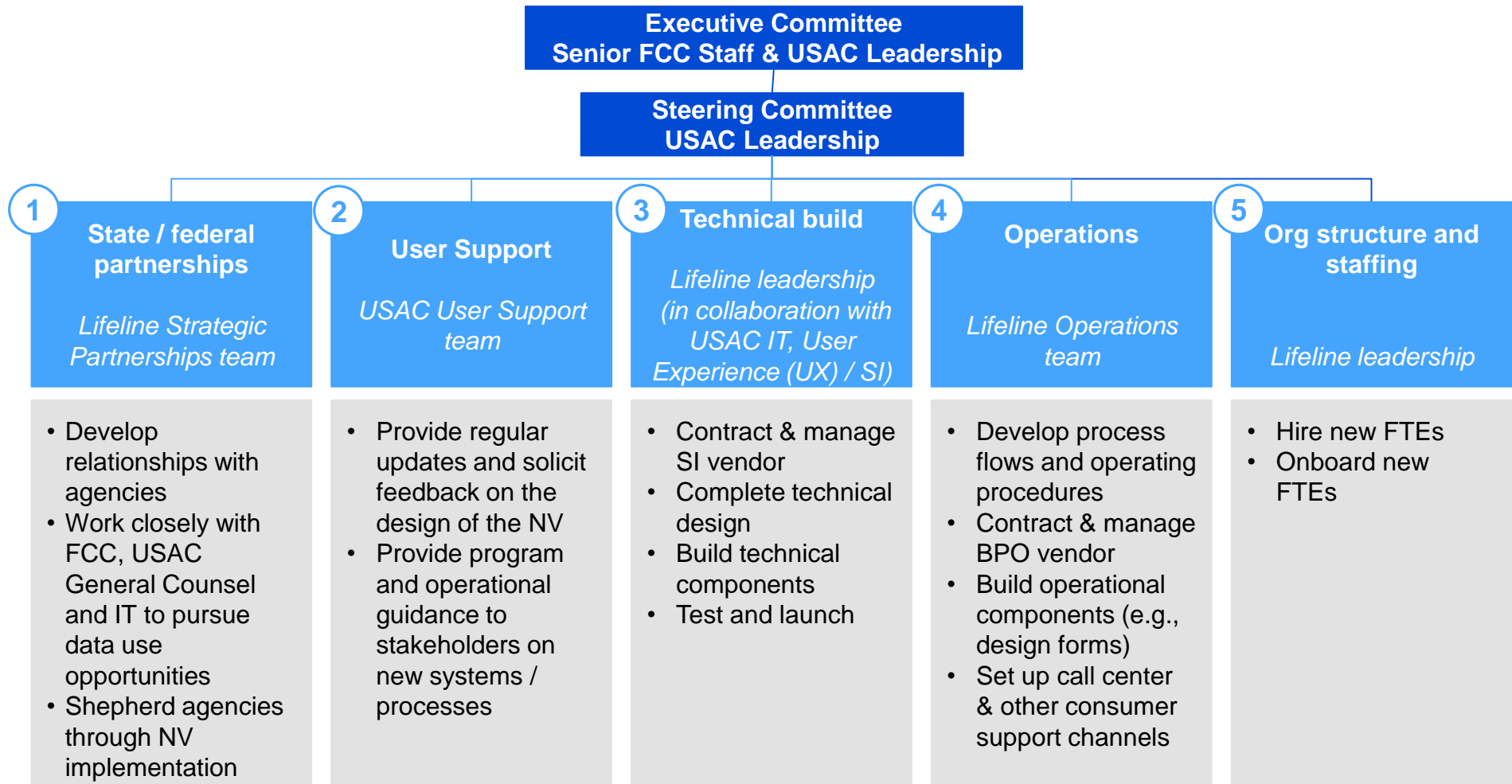
- Senior FCC Staff and USAC Executive Committee oversee the five main modules.
- Each module will be owned by senior officials at USAC.

**This governance structure will be supported by detailed project management roadmaps, dashboards, and toolkits for each module.**

- These project management tools will help track progress and flag and resolve issues.

**USAC is following an iterative, consultative process to build a pipeline of states to launch the National Verifier.**

## Recall: USAC has a robust governance structure to successfully build and launch NV



**USAC has a detailed a project management plan for each of these 5 modules**



# USAC uses three main project management tools to track NV progress and to flag and resolve issues

1

## Roadmaps

**Provides detailed timeline for each module**

- Major milestones
- Main activities

**Tracks deadlines for NV launch**

2

## Dashboards

**Provides summary of progress against milestones**

- Detailed view for each module
  - Action item, owner, deadline, and status
- Aggregated view across modules to provide summary to Steering and Executive Committees
  - Highlights key risks and mitigation strategies

3

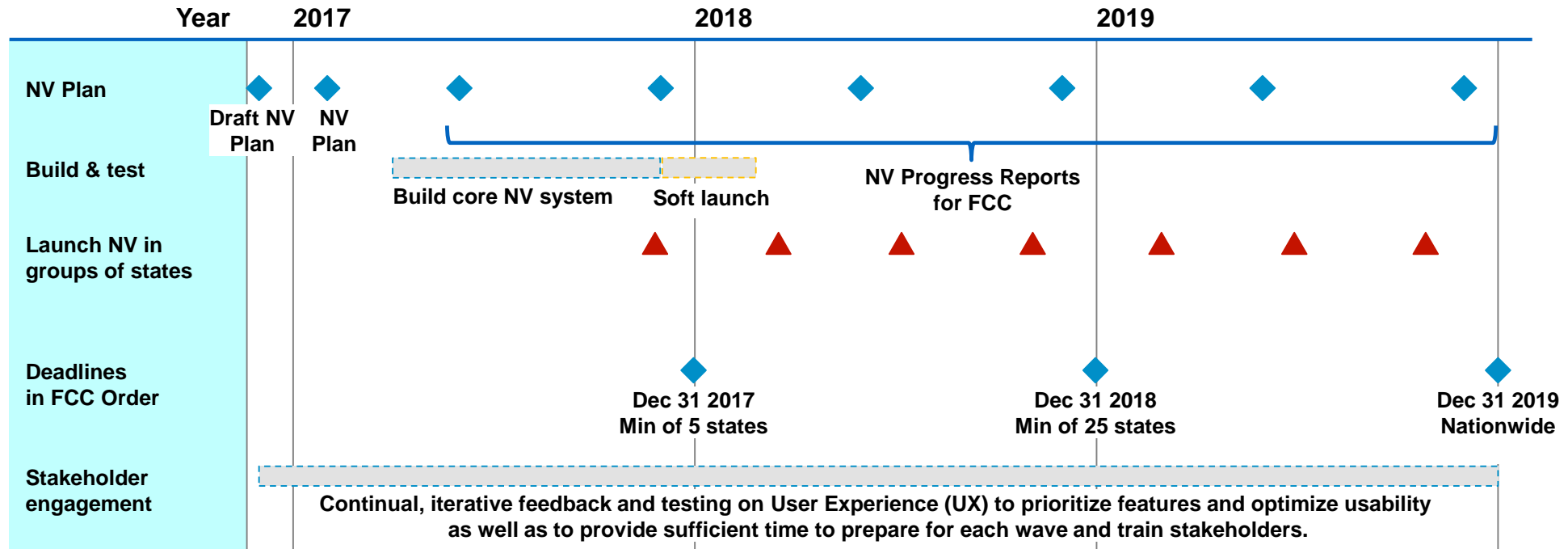
## Toolkits

**Provides a to-do list of main action items each stakeholder needs to complete to launch NV**

- Only applies to modules affecting:
  - States
  - Federal agencies
  - Service Providers

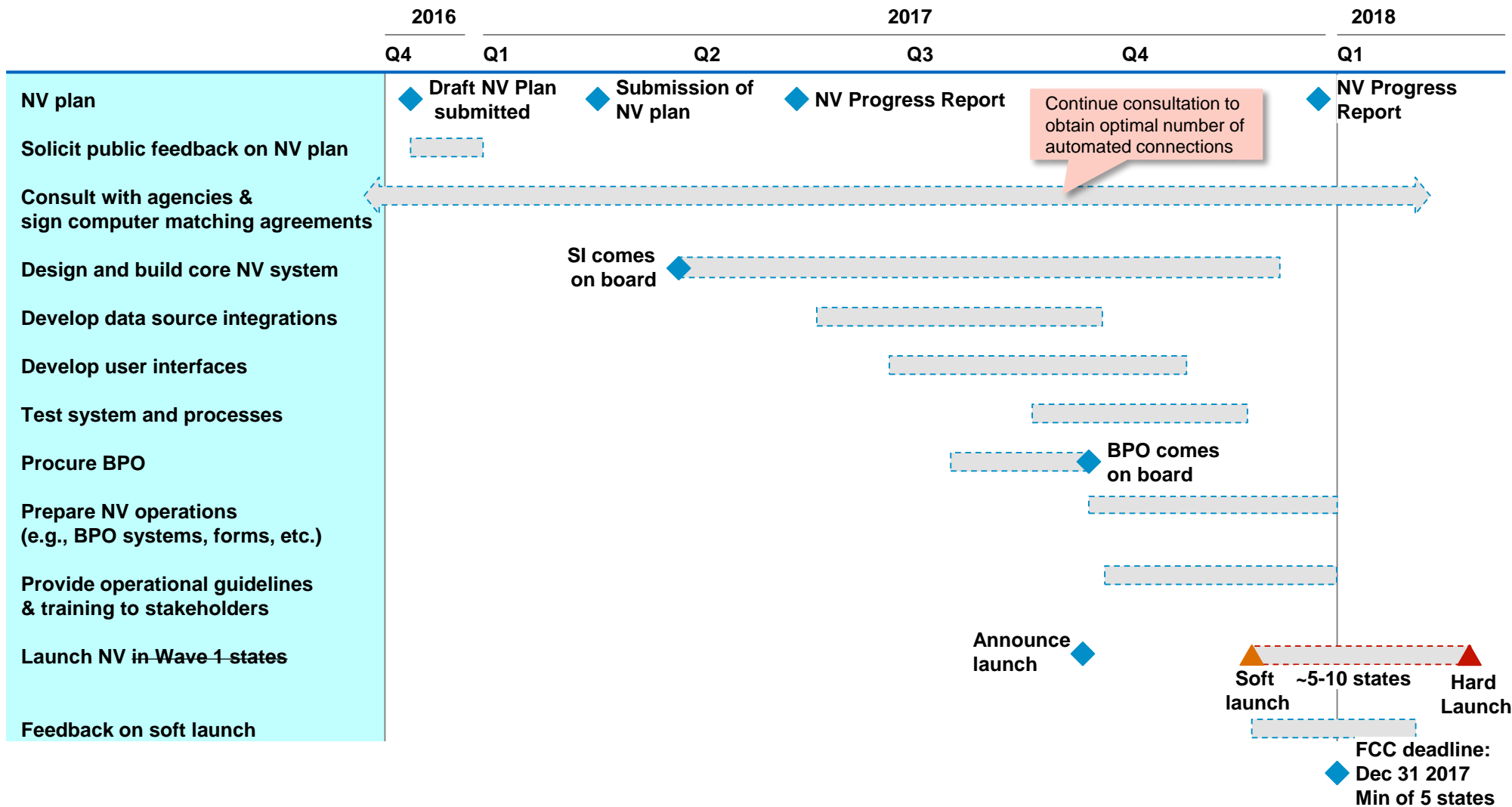
*More information on next slides*

# The National Verifier will be launched in multiple groups over the next three years



**The National Verifier Plan will be continuously updated and published every 6 months**

# Deep dive on 2017 roadmap: Initial focus on building the core NV system for the initial launch



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## USAC response to Frequently Asked Questions (1/3)

### FAQ

### USAC response

When will USAC announce which states are part of the initial launch?

USAC will announce the initial launch states by August 31.

Do all service providers have to use the National Verifier to check Lifeline eligibility?

During the soft launch period, service providers will transition their systems to check eligibility through the National Verifier. Once the National Verifier's hard launch in a state is complete, all eligibility checks and recertifications must be performed through the National Verifier.

What is the soft launch period?

The soft launch period will allow service providers in the initial states to transition their operations and existing subscribers to the National Verifier

- USAC recommends that service providers use this period to test and make sure existing processes and systems align with the National Verifier
- Service providers can choose when to begin testing during the soft launch period
- USAC will perform processes during the soft launch to verify existing subscribers in the states that are part of the initial launch

During the soft launch:

- Service providers will begin to transition their system to use National Verifier eligibility checks
- Consumers will not have direct access to the National Verifier (must still sign up through SP)

## USAC response to Frequently Asked Questions (2/3)

### FAQ

### USAC response

What is the hard launch period?

At the hard launch:

- All service providers in the initial states must use the National Verifier for eligibility and recertification for all customers
- Customers can use the National Verifier to verify their own eligibility prior to working with a service provider

What are the functions of the National Verifier system?

The National Verifier system will:

- Determine initial subscriber eligibility
- Conduct annual recertification
- Populate the Lifeline Eligibility Database (all subscribers deemed eligible for the Lifeline Program)
- Track all subscribers enrolled in the Lifeline program through NLAD
- Facilitate Lifeline reimbursement payments based on subscriber data from the NLAD
- Record service provider sales agent information in order to log agent activity

Will the National Verifier be available for customers who don't speak English?

USAC is committed to ensuring accessibility for all consumers, regardless of language proficiency. English and Spanish will be provided.

## USAC response to Frequently Asked Questions (3/3)

### FAQ

### USAC response

What happens if an applicant cannot be found in an automated eligibility database?

Customers whose eligibility cannot be verified by a database can show proof of Lifeline eligibility through documentation to the National Verifier to be enrolled in the program.

Will existing Lifeline customers be checked by the National Verifier?

Yes, when a state rolls into the National Verifier, all existing Lifeline subscribers in that state will have their eligibility re-checked. [see slide 57 & 58 - Migration].

Will the National Verifier require customers to enter a username and password?

Yes, to create an account with the National Verifier, customers will be required to create a name and password. We are creating user friendly methods for retrieving forgotten passwords.

How will stakeholders be trained to use the National Verifier?

USAC will conduct trainings for all stakeholder groups to prepare them to use the National Verifier beginning in October. In addition, trainings will be recorded and displayed on the USAC.org website. We will also share job aids and videos to help support National Verifier adoption.

If customers have trouble using the National Verifier, how can they get help?

USAC will provide robust customer service options including a customer call center, web support and online tools. In addition we will work with service providers, states and consumer groups to provide National Verifier support tools.

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## **Appendix: Glossary of terms**



## Glossary (1/4)

Term	Definition	Explanation
Aggregation project	Aggregation project	A group of eligible households, which individually opt into the group, that negotiates as a single entity with SPs for Lifeline service; the group is often administered by a community-based organization (e.g., a housing association) known as an "aggregator."
AMS	Address Management System	A service provided by the U.S. Post Office that allows subscribers to verify the existence of an address, and to standardize it into proper format.
API	Application Programming Interface	A code that allows two software programs to interact with one another. The API defines the correct methods by which a developer can write a program that requests services from another application.
BPO	Business Process Outsourcing	The process of contracting non-primary business activities to a third-party vendor (e.g., consumer support / service, manual review support).
CMA	Computer Matching Agreement	The computerized comparison of records for the purpose of establishing or verifying eligibility for a federal benefit program.
Data use agreement	Data use agreement	A formal agreement between two parties to establish protocols and standards that govern the handling (including storage) of any data transferred between the parties.
Dispute resolution	Dispute resolution process	A process by which USAC, through the National Verifier, will review an adverse decision upon the request of the applicant.

## Glossary (2/4)

Term	Definition	Explanation
FCC	Federal Communications Commission	An independent agency of the United States Federal Government charged with regulating interstate and international communications by radio, television, wire, satellite and cable in all US states and territories.
Form 497	Form filled out by Lifeline SPs to claim Lifeline subsidies	Form for Service Providers that have provided eligible consumers with Lifeline Program-supported service to receive reimbursement for providing service at discounted rates.
FTE	Full-time equivalent	A unit that indicates an amount of workload that requires the capacity of a single full time employee.
IEH	Independent Economic Household	A unit that may only receive one Lifeline benefit (commonly known as the one-per-household rule); also refers to a form that certain consumers must submit in order to certify that no more than one Lifeline benefit is received per household.
IVR	Interactive Voice Response	Technology that allows humans to interact with a computer over the phone, through use of speech recognition and/or the telephone keypad.
KPI	Key Performance Indicator	A business metric used to evaluate performance with respect to factors crucial to the success of the National Verifier.
LED	Lifeline Eligibility Database	System to check whether a consumer is eligible for Lifeline based on income or enrollment in qualifying assistance programs.
NARUC	National Association of Regulatory Utility Commissioners	National association representing state public service (utility) commissioners.
NASUCA	National Association of State Utility Consumer Advocates	Nonprofit organization with members from 40 states and DC, representing consumer / ratepayer interests on issues related to public utilities.

## Glossary (3/4)

Term	Definition	Explanation
NLAD	National Lifeline Accountability Database	Existent system to allow SPs to check on a real time, nationwide basis whether a consumer is already receiving a Lifeline Program-supported service, and to maintain records of Lifeline subscribers.
NV	National Verifier	A system to conduct eligibility determinations and other functions necessary to enroll eligible subscribers into Lifeline.
PII	Personally identifiable information	Information that can be used, either by itself or in conjunction with other information, to identify, contact, or locate an individual person.
RFP	Request for Proposal	A document issued by an organization that desires to procure services or commodities; the document typically outlines the services or commodities desired and initiates the formal procurement process.
SI	Systems integrator	A company that specializes in integrating multiple component subsystems or parts into a single system.
SLA	Service-level agreement	An official commitment between a vendor and a customer that defines the standard to which the service will be performed (e.g., maximum time to complete a process, minimum percentage uptime).
SORN	System of Records Notice	A notice in the Federal Register serving as public notification that a U.S. federal government system collecting PII was created or revised.
SP	Service Provider	A telecommunications company that provides service (i.e., wireline voice, wireless voice, wireline broadband, wireless broadband) to consumers.
States	States, territories, and tribal lands	50 U.S. states + DC, Puerto Rico, Guam, U.S. Virgin Islands, Northern Mariana Islands, American Samoa, and tribal lands.

## Glossary (4/4)

Term	Definition	Explanation
Third party	Third party	An party outside of the National Verifier that is not a Service Provider, consumer, social services program / agency, state / federal agency, USAC, or verifier partner, but that has an interest and/or role to play in the National Verifier's processes.
TPIV	Third party identity verification	A service that verifies the existence of a person who corresponds to the PII submitted by an applicant by using public and private records (e.g., birth certificates, real estate ownership, credit history).
UI/UX	User Interface / User Experience	The components of a system that humans interact with, as well as the actual experience of an end user's interaction with the system.
USAC	The Universal Service Administrative Company	A non-profit corporation designated by the Federal Communications Commission (FCC) as the permanent administrator of the Universal Service Fund (USF), which includes the Lifeline program.
USF	Universal Service Fund	A fund, established by the Telecommunications Act of 1996, whose goal is to ensure that every American has access to vital telecommunications services; the Lifeline program is a component of the USF.
Verifier partner	A data source used to check for Lifeline eligibility	An agency or organization (often, but not exclusively, governmental) that partners with the National Verifier to provide a data source that the National Verifier can check in order to determine whether an applicant is eligible for the Lifeline subsidy.